

**CULVER CITY PUBLIC FINANCE AUTHORITY  
LOCAL DEBT POLICY STATEMENT**

**Policy Number:** \_\_\_\_\_

Date Issued: \_\_\_/\_\_\_/2026

Effective Date: \_\_\_/\_\_\_/2026

Resolution No. 2026-PFA\_\_\_\_\_

**I. PURPOSE:**

To establish a comprehensive set of financial policies for Culver City Public Finance Authority (the “Authority”) that will serve as a guideline for operational and strategic decision making related to financial matters.

The City of Culver City (the “City”), together with the Culver City Housing Authority (the “Housing Authority”), are parties to the Joint Exercise of Powers Agreement (the “JPA Agreement”) creating the Authority pursuant to Articles 1 through 4 (commencing with section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “Act”).

As provided in the JPA Agreement, the Authority is empowered to exercise any power common to its members and may undertake any activity in furtherance of those powers, including but not limited to providing or supporting affordable housing, advancing community initiatives that address local needs, fostering cooperation among local public agencies, and supporting the economic development of local businesses. The City is a municipal corporation duly organized and existing under the constitution and laws of the State of California, having those powers granted by the general law of the State of California. The Housing Authority is a housing authority duly established by the City in accordance with California Health and Safety Code §§ 34200–34221 (commonly referred to as the Housing Authorities Law), duly organized and existing under the constitution and laws of the State of California.

Further, Article 4 of the Act (known as the “Marks-Roos Local Bond Pooling Act of 1985” and hereinafter defined as the “Bond Law”) authorizes and empowers the Authority to issue bonds and to purchase bonds issued by, or to make loans to, the City and/or the Housing Authority for the financing and refinancing of public capital improvements, working capital, liability, and other insurance needs, or projects whenever there are significant public benefits, as determined by the City. The Bond Law further authorizes and empowers the Authority to sell bonds so issued or purchased to public or private purchasers at public or negotiated sale.

The Authority may acquire, construct, manage, and operate projects or programs that serve these public purposes, enter into contracts, employ staff, issue bonds or other indebtedness, and otherwise act as necessary to fulfill the shared objectives of its members, provided such actions are within the scope of powers held in common by the participating agencies and consistent with applicable laws governing each member entity.

**II. STATEMENT OF POLICY:**

The following financial policies are intended to establish a comprehensive set of guidelines for use by the Board of Directors (the “Board”) and Authority staff on decision-making that has a fiscal

impact. The goal is to maintain the Authority's financial stability in order to be able to continually adapt to local and regional economic changes. Such policies will allow the Authority to maintain and enhance a sound fiscal condition.

This policy outlines the protocols for issuing and managing debt for the Culver City Public Finance Authority, including procedures for selecting and overseeing related financial and advisory services. The key goals of this policy are to:

- Ensure cost-effective access to capital markets through prudent debt management.
- Sustain moderate and manageable levels of total debt and annual debt service with strategic long-term planning.
- Address capital funding needs through appropriate debt financing.
- Structure long-term financing to minimize both transaction-specific and overall portfolio risk.
- Pursue the highest possible credit ratings for efficient market access.
- Foster strong investor relations via timely disclosure of material financial information.

These objectives align with the standards set by similar public agencies, Government Finance Officers Association (GFOA) best practices, and rating agency guidelines. Furthermore, this policy is designed to comply with California Government Code Section 8855, which requires public debt issuers to report certain information to the California Debt Investment Advisory Commission (CDIAC) and to certify adoption of a debt policy that addresses permitted uses of proceeds, types of debt, integration with capital improvement plans, alignment with planning objectives, and internal control procedures to safeguard debt proceeds.

### **III. LONG-TERM FINANCIAL PLANNING:**

- A. Borrowing decisions consider the context of both annual and long-term budgets and capital improvement plans to ensure alignment with organizational goals.
- B. The Authority shall encourage the economic development of the community as a whole in order to provide stable and increasing revenue streams. It should be the Authority's goal to not only attract new businesses but also to retain successful businesses in the City. Objectives of the revenue strategy should also include: avoiding an overreliance on revenue from any one particular industry; recruitment and retention efforts to ensure a balance of revenue sources; ensuring compatible uses; encouraging business synergies; and promoting the growth of amenities and ancillary services to support business districts and established industries.
- C. The Authority shall develop and maintain methods for the evaluation of future development and related fiscal impacts on the City budget.
- D. Every reasonable effort will be made to establish revenue measures which will cause the transient and recreation visitors to Culver City to carry a fair portion of the expenses incurred by the City as a result of their use of public facilities.

- E. The Authority will seek additional intergovernmental funding and grants, with a priority on funding one-time capital projects. Grant-funded projects that require multi-year support will be reviewed by the Board.
- F. The Treasurer shall collect and maintain all relevant information regarding grant awards and the scheduled receipt of funds from the appropriate State or federal agency. Such information shall include, but not be limited to, the identification of the granting agency, the amount and terms of each grant award, the anticipated schedule for the receipt of grant funds, and any conditions or reporting requirements imposed by the granting agency in connection therewith. The Treasurer shall maintain such records as may be necessary to verify the status of grant reimbursements and to facilitate the Authority's compliance with applicable financial reporting obligations.

#### **IV. AUDITING, FINANCIAL REPORTING AND DISCLOSURE POLICIES:**

Accounting standards boards and regulatory agencies set the minimum standards and disclosure requirements for annual financial reports and continuing disclosure requirements associated with municipal securities. The Authority places a high value on transparency and full disclosure in all matters concerning the Authority's financial position and results of operations. To this end, the Authority endeavors to make superior disclosure in the City's Annual Comprehensive Financial Report and Continuing Disclosure filings by going above and beyond the minimum reporting requirements including certificate of achievement programs and voluntary event disclosure filings.

- A. Investment and Compliance — Interest earnings from debt proceeds are maximized within established investment guidelines. The Authority will comply with all tax-related reporting requirements for its outstanding debt. Procedures are maintained for post-issuance compliance with federal tax law on tax-exempt obligations.
- B. Disclosure — All public debt offerings will meet SEC disclosure standards before and after issuance. Ongoing disclosures are filed electronically via the MSRB's EMMA portal and caused to be filed by the Treasurer or his or her appointee. Voluntary disclosures beyond minimum requirements may also be made at the discretion of the Authority in consultation with its Disclosure Counsel.
- C. Investor Relations — The Treasurer will manage communications with investors and rating agencies through timely reports and presentations to maintain strong credit ratings, relationships, and market reputation.
- D. Ethics & Conflict of Interest — Staff involved in debt management must avoid personal investments or activities that could conflict with their official duties and must disclose any relevant financial interests per conflict-of-interest policies.
- E. Internal Controls & Recordkeeping — Written internal controls governing debt proceeds are maintained and reviewed by independent auditors. Proceeds are held by a trustee or in segregated accounts with thorough documentation. All records must be kept as long as debt is outstanding plus six years. At minimum, these records shall include all official statements, bond legal documents/transcripts, resolutions, trustee statements, leases, and title reports for each Authority financing (to the extent available).

So long as required by Section 6505 and Section 6505.5 of the Act, the Treasurer of the Authority shall prepare or cause to be prepared a special audit as required pursuant to Section 6505 of the

Act every year during the term of the JPA Agreement which may be stated as a component of the City's financial statements in conformance with Generally Accepted Accounting Principles (GAAP). Responsibility for the accuracy and completeness of the financial statements rests with the City. However, the City retains the right to retain the services of an external accounting firm to audit the financial statements on an annual basis. As to the Authority, the primary point of contact for the auditor is the Treasurer of the Authority.

The financial statement audit and compliance audits will be conducted in accordance with the United States Generally Accepted Auditing Standards (GAAS), standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States, and standards set by regulatory agencies if applicable.

## **V. DEBT MANAGEMENT POLICIES:**

All debt financings require authorization of the Board. The responsibility for day-to-day implementation, structuring, and oversight of the Authority's debt rests with the Executive Director, the Treasurer or a designated Executive Director representative. All debt issuances under this policy shall be evaluated for consistency with the Authority's planning objectives as set forth in the Statement of Policy and Long-Term Financial Planning sections above. If a proposed issuance is not consistent with the Statement of Policy and Long-Term Financial Planning sections, the Executive Director or Treasurer must present a written summary to the Board explaining the deviation before authorization

While adherence is expected, the Authority recognizes that changing market conditions or unforeseen events may require flexibility or exceptions. In such cases, management discretion is permitted. Non-compliance or deviation from this policy does not affect the legal validity of bonds or other forms of indebtedness issued under applicable law.

Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. A disciplined thoughtful approach to debt management includes policies that provide guidelines for the Authority to manage its debt program in-line with those resources. Therefore, the objective of this policy is to provide written guidelines and restrictions concerning the amount and type of debt issued by the Authority and the ongoing management of the debt portfolio.

This debt management policy is intended to improve the quality of decisions, provide justification for the structure of debt issuance, identify policy goals and demonstrate a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a debt management policy signals to rating agencies and the capital markets that a government is well managed and meets its obligations in a timely manner.

### **A. Delegation of Authority**

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## B. Debt Limits and Structure

1. *Permitted Instruments* — The Authority may issue various forms of debt including, but not limited to: bonds, notes, anticipation notes (bond, grant, revenue, tax), revenue bonds, lease revenue bonds, financing leases, installment purchase obligations, certificates of participation, commercial paper, or any legally permitted financing instrument.
2. *Term and Use* — Debt may be short-term (maturing in less than five years) or long-term (five years or more). Debt obligations must not exceed legal maturity limits or the average useful life of financed assets. Long-term debt supports acquisition and construction of capital assets. Short-term debt may address interim cash flow gaps or fund capital projects.
3. *New Money Debt* — New money debt provides additional funding specifically for capital project acquisition, construction, or significant rehabilitation. Proceeds from such debt cannot be used for operations.
4. *Refunding Debt* — The Authority may issue refunding debt to:
  - Achieve savings on existing debt service,
  - Restructure scheduled payments,
  - Convert between variable and fixed rates,
  - Adjust payment sources or security,
  - Modify restrictive covenants.

Refunding may be current or advance (as allowed by federal tax law), including tender offers. Typically, refunding is pursued to realize net present value savings of at least 3% of refunded principal unless justified by other strategic reasons.

5. *Variable Rate Debt* — Preference is generally given to fixed-rate debt for predictability; however, variable rate debt may be used to reduce interest costs or better align assets/liabilities. Issuance of variable rate debt solely for arbitrage is prohibited. Safeguards such as swaps or caps can be considered to mitigate rate risk.

## C. Conditions and Purposes of Debt Issuance

1. *Acceptable Conditions of the Use of Debt:*
  - a. It meets the goal of distributing the payments for the asset over its useful life so that benefits more closely match costs for both current and future residents.
  - b. It is the most cost-effective funding means available to the Authority, the City, Housing Agency or other obligor, taking into account cash flow needs and other funding alternatives.
  - c. It is fiscally prudent and meets the guidelines of this policy. Any consideration of debt financing shall consider financial alternatives, including pay-as-you-go

funding, proceeds derived from development or redevelopment of existing land and capital assets owned by the Authority, the City, and/or the Housing Authority, and use of existing or future cash reserves, or combinations thereof.

2. *Acceptable Uses of Debt* — The Authority will consider financing for the acquisition, substantial refurbishment, replacement or expansion of physical assets, including land improvements. The primary purpose of debt is to finance one of the following:
  - a. Acquisition and or improvement of land, right-of-way or long-term easements.
  - b. Acquisition of a capital asset with a useful life of 3 or more years.
  - c. Construction or reconstruction of a facility.
  - d. Contributing to the construction and rehabilitation of, or supporting, affordable housing projects.
  - e. Project reimbursables that include project planning design, engineering and other preconstruction efforts; project-associated furniture fixtures and equipment; capitalized interest, original issuer's discount, underwriter's discount and other costs of issuance.
  - f. Advancing community initiatives that address local needs.
  - g. Fostering cooperation among local public agencies, and supporting the economic development of local businesses.
  - h. Refunding, refinancing, or restructuring debt, subject to refunding objectives and parameters discussed in Section 5.
  - i. Interim or cash flow financing, such as anticipation notes.
3. *Prohibited Uses of Debt* — Prohibited uses of debt include the following:
  - a. Debt issued for periods exceeding the useful life of the asset or projects to be financed.
  - b. Issuance of variable rate debt solely for arbitrage purposes.
4. *Authority Local Support Initiatives and Purposes* – [The Authority will be subject to the City Charter, the Act and the Bond Law with respect to providing or supporting affordable housing, advancing community initiatives that address local needs, fostering cooperation among local public agencies, and supporting the economic development of local businesses. The Treasurer and/or Executive Director will consult with the General Counsel, an external accounting firm, and a Municipal Advisor to develop facts and an evaluation consistent with this Policy and the JPA Agreement and permit sufficient review and consideration by the Board of each such proposals.]
5. *Use of Alternative Debt Instruments* — The Authority recognizes that there are numerous types of financing structures and funding sources available, each with specific benefits, risks, and costs. All potential funding sources are reviewed by management within the

context of this policy to ensure that any financial product or structure is consistent with the Authority's and any related obligor's objectives.

Any issuance of variable rate debt shall require a rigorous risk assessment, including, but not limited to factors discussed in this section. Variable rate debt subjects the Authority to additional financial risks (relative to fixed rate bonds), including interest rate risk, tax risk, and certain risks related to providing liquidity for certain types of variable rate debt.

The Authority will properly manage the risks as follows:

- a. *Interest Rate Risk and Tax Risk* — The risk that market interest rates increase on variable-rate debt because of market conditions, changes in taxation of municipal bond interest, or reductions in tax rates. Mitigation — Limit total variable rate exposure per the defined limits and match the variable rate liabilities with short term assets.
- b. *Liquidity/Remarketing Risk* — The risk that holders of variable rate bonds exercise their "put" option, tender their bonds, and the bonds cannot be remarketed requiring the bond liquidity facility provider to repurchase the bonds. This will result in the Authority paying a higher rate of interest to the facility provider and the potential rapid amortization of the repurchased bonds. Mitigation — Limit total direct variable-rate exposure. When applicable, seek liquidity facilities which allow for longer (5-10 years) amortization of any draws on the facility. Secure credit support facilities that result in bond ratings of the highest short-term ratings and long-term ratings not less than AA.
- c. *Liquidity/Rollover Risk* — The risk that arises due to the shorter term of most liquidity provider agreements (1-5 years) relative to the longer-term amortization schedule of the Authority's variable-rate bonds. In particular, (1) the Authority may incur higher renewal fees when renewal agreements are negotiated and (2) the liquidity bank market constricts such that it is difficult to secure third party liquidity at any interest rate. Mitigation — Negotiate longer terms on provider contracts to minimize the number of rollovers, depending on the market and pricing at the time the provider contract is sought.

The use of certain derivative products to hedge variable rate debt, such as interest rate swaps, may be considered to the extent the Authority has such debt outstanding or under consideration. The Authority will exercise extreme caution in the use of derivative instruments for hedging purposes and will consider their utilization only when sufficient understanding of the products and sufficient expertise for their appropriate use has been developed. A comprehensive derivative policy will be adopted by the Authority prior to any utilization of such instruments.

6. *Refunding Guidelines* — The Treasurer shall monitor at least annually all outstanding Authority debt obligations for potential refinancing opportunities. The Authority will consider refinancing of outstanding debt to achieve annual savings and/or for non-economic reasons (such as the restructuring of debt to update legal covenants or to reduce near-term debt service costs). Absent a compelling economic reason or financial

benefit to the Authority, any refinancing should not result in any increase to the weighted average life of the refinanced debt.

The Authority will generally seek to achieve debt service savings which, on a net present value basis, are at least 3% of the debt being refinanced. The net present value assessment shall factor in all costs, including issuance, escrow, and foregone interest earnings of any contributed funds on hand. Any potential refinancing shall additionally consider whether an alternative refinancing opportunity with higher savings is reasonably expected in the future. However, it is recognized that the Authority may have situations where debt needs to be restructured for reasons not providing for savings. In these situations, the Authority will carefully analyze the need for such restructuring weighing the benefits against the considerations.

Any potential refinancing executed more than 90 days in advance of the outstanding debt optional call date shall require a higher savings threshold. Consideration of this method of refinancing shall place greater emphasis on determining whether an alternative refinancing opportunity with higher savings is reasonably expected in the future.

#### D. Market Communication, Administration, and Reporting

1. *Rating Agency Relations and Annual or Ongoing Surveillance* — The Treasurer shall be responsible for maintaining the Authority's relationships with the rating agencies (i.e. Standard & Poor's Ratings Services, Fitch Ratings and/or Moody's Investor's Service). The Authority is committed to maintaining its existing rating level(s). In addition to general communication, the Treasurer shall:
  - a. Ensure the rating agencies are provided updated financial information of the Authority as it becomes publicly available.
  - b. Communicate with credit analysts at each agency at least once each year, or as may be requested by the agencies.
  - c. Prior to each proposed new debt issuance, schedule meetings or conference calls with agency analysts and provide a thorough update on the Authority's financial position, including the impacts of the proposed debt issuance.
2. *Board of Directors and Debt Advisory Committees* — The Treasurer should report feedback from rating agencies, when and if available, regarding the Authority's (and the City's and other related obligor's where relevant) financial strengths and weaknesses and recommendations for addressing any weaknesses as they pertain to maintaining the Authority's (and the City's and other related obligor's where relevant) existing credit ratings.
3. *Continuing Disclosure Compliance* – To the extent of a written obligation, the Authority shall remain in compliance with Security and Exchange Commission Rule 15c2-12 by filing its annual financial statements and other financial and operating data for the benefit of its bondholders within 270 days of the close of the fiscal year, or as required in any such agreement for any debt issue. The Authority shall maintain a log or file evidencing that all continuing disclosure filings have been made promptly.

4. *Debt Issue Record-Keeping* — A copy of all debt-related records shall be retained at the City's offices. See Section IV above.
5. *Arbitrage Rebate* — The use of tax-exempt bond proceeds and their investments must be monitored to ensure compliance with all Internal Revenue Code Arbitrage Rebate Requirements. The Treasurer shall ensure that all tax-exempt bond proceeds and investments are tracked in a manner which facilitates accurate calculation; and, if a rebate payment is due, such payment is made in a timely manner.

E. Credit Ratings

The Authority will consider published ratings agency guidelines regarding best financial practices and guidelines for structuring its capital funding and debt strategies to maintain the highest possible credit ratings consistent with its current operating and capital needs.

F. Affordability

Prior to the issuance of debt to finance a project, the Authority will carefully consider the overall long-term affordability of the proposed debt issuance. The Authority shall not assume more debt without conducting an objective analysis of the Authority's ability to assume and support additional debt service payments.

1. *Revenue Bonds* — Long-term obligations payable solely from specific pledged sources, in general, are not subject to a debt limitation. Examples of such long-term obligations include those which achieve the financing or refinancing of projects provided by the issuance of debt instruments that are payable from restricted revenues or user fees (enterprise revenues) and revenues generated from a project.

In determining the affordability of proposed revenue bonds, the Authority will perform an analysis comparing projected annual net revenues (exclusive of depreciation which is a non-cash related expense) to estimated annual debt service. The Authority should strive to maintain a coverage ratio of 125% using historical and/or projected net revenues to cover annual debt service for revenue bonds. The Authority may require a rate increase to cover both operations and debt service costs and create debt service reserve funds to maintain the required coverage ratios.

2. *Conduit Debt* — Conduit financing provides for the issuance of securities by a government agency to finance a project of a third party, such as a non-profit organization or other private entity. The Authority may sponsor conduit financings for those activities that have a general public purpose and are consistent with the Authority's overall service and policy objectives.

G. Structure of Debt

1. *Term of Debt* — Debt will be structured with the goal of distributing the payments for the asset over its useful life so that benefits more closely match costs for both current and future residents. Borrowings by the Authority should be of a duration that does not exceed the useful life of the improvement that it finances. The standard term of long-term borrowing is typically 15-30 years.

2. *Level Payment* — To the extent practical, bonds will be amortized on a level repayment basis, and revenue bonds will be amortized on a level repayment basis considering the forecasted available pledged revenues to achieve the lowest rates possible.
3. *Serial Bonds, Term Bonds, and Capital Appreciation Bonds* — For each issuance, the Authority will select serial bonds or term bonds, or both. On the occasions where circumstances warrant, Capital Appreciation Bonds (CABs) may be used. The decision to use term, serial, or CAB bonds is driven based on market conditions. CABs will be structured according to State law restrictions.

*Reserve Funds and Credit Support* — For each issuance, the Authority will consult with a Municipal Advisor, which may be Municipal Advisor to the City, with respect to debt service reserves, operating reserves, and credit support as additional security for an issuance, as may be proven to be in the interest of the Authority.

## **VI. Policy Review**

This policy is adopted by resolution and reviewed at least every two years—or more often as necessary—with any changes requiring Board approval.