

**RESOLUTION OF THE BOARD OF COUNTY
COMMISSIONERS (“BOCC”) OF PITKIN COUNTY,
COLORADO ADOPTING THE PITKIN COUNTY DEBT
ISSUANCE POLICY AND THE DEBT POST-ISSUANCE
COMPLIANCE POLICY**

RESOLUTION NO. _____, 2025

RECITALS

WHEREAS, Pursuant to Section 2.8.3 (Actions) of the Pitkin County Home Rule Charter (“HRC”) official action by formal resolution shall be required for all actions of the Board not requiring ordinance power on matters of significant importance affecting citizens, and;

WHEREAS, the BOCC of Pitkin County, Colorado (the “Board”), recognizes the importance of maintaining fiscal responsibility and transparency in the issuance of debt, and;

WHEREAS, the Board has reviewed the proposed Debt Issuance Policy (**Exhibit A**), which sets forth guidelines for the issuance of debt and other obligations by Pitkin County (the “County”), and;

WHEREAS, the Board has reviewed the proposed Debt Post-Issuance Compliance Policy (**Exhibit B**), which establishes a policy to ensure compliance with all post-issuance requirements related to debt and other obligations issued by the County, and;

WHEREAS, the Debt Issuance Policy and the Debt Post-Issuance Compliance Policy provide a framework for ensuring that any debt issued by the County is done in a manner that is consistent with prudent financial management practices and in compliance with applicable laws, and;

WHEREAS, the Board finds it necessary and prudent to formally adopt the Debt Issuance Policy and the Debt Post-Issuance Compliance Policy to guide all future decisions regarding the County’s issuance of debt and debt post-issuance compliance, and;

WHEREAS, The BOCC finds that it is in the best interests of the citizens of Pitkin County to approve this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Pitkin County, Colorado that it hereby adopts the Pitkin County Debt Issuance Policy and the Debt Post-Issuance Compliance Policy and authorizes the Chair to sign the Resolution and upon the satisfaction of the County Attorney as to form, execute any other associated documents necessary to complete this matter.

Resolution No. ____-2025

INTRODUCED AND FIRST READ ON THE ____ DAY OF _____, 2025
AND SET FOR SECOND READING AND PUBLIC HEARING ON THE ____ DAY OF
_____, 2025.

NOTICE OF PUBLIC HEARING AND TITLE AND SHORT SUMMARY OF THE
RESOLUTION PUBLISHED IN THE ASPEN DAILY NEWS ON THE ____ DAY OF
_____, 2025.

NOTICE OF PUBLIC HEARING AND THE FULL TEXT OF THE RESOLUTION
POSTED ON THE OFFICIAL PITKIN COUNTY WEBSITE (www.pitkincounty.com)
ON THE ____ DAY OF _____ 2025.

ADOPTED AFTER FINAL READING ON THE ____ DAY OF _____
2025.

POSTED BY TITLE AND SHORT SUMMARY AFTER ADOPTION, ON THE
OFFICIAL PITKIN COUNTY WEBSITE (www.pitkincounty.com) AFTER ADOPTION,
ON THE ____ DAY OF _____ 2025.

PUBLISHED BY TITLE AND SHORT SUMMARY AFTER ADOPTION, IN THE
ASPEN DAILY NEWS ON THE ____ DAY OF _____, 2025.

ATTEST:

BOARD OF COUNTY COMMISSIONERS

By _____
Sam Engen
Clerk to the Board

By: _____
Kelly McNicholas-Kury, Chair

Date: _____

APPROVED AS TO FORM:

MANAGER APPROVAL

Richard Neiley, III
County Attorney

Jon Peacock, County Manager

TITLE:	DEBT ISSUANCE	POLICY NO.:	FIN-01
APPLICABILITY:	Any debt issuance	APPROVAL DATE:	
RESPONSIBILITY:	BOCC, County Manager, Department Heads, Elected Officials, Finance, County Attorney	REVISION DATE:	n/a

PURPOSE

The Debt Issuance Policy establishes general philosophies and guidelines for all debt issued in the County’s name. This policy will be considered for any debt issued by the County, including, but not limited to, general obligation bonds and notes, refunding bonds, revenue bonds, certificates of participation, or any other form of debt or long-term financial obligations subject to compliance (“Obligations”). The County’s objective is to obtain financing only when necessary, establish conditions to obtain financing at the lowest cost, maintain its credit rating, and preserve future financing capacity. The County will determine which type of financing obligation will be issued after considering the following principles.

- Equity - Those that benefit from the item financed should pay for it;
- Effectiveness - Once the transaction is completed, it accomplishes its intent, and the identified revenue source for repayment is adequate to meet debt service; and
- Efficiency - The relative cost of obtaining funds, including the costs of the financing and the costs of collecting pledged revenues, is better than competing alternatives.

In order to provide a fair, orderly and understandable process for the issuance of such Obligations, the Finance Department will consistently apply this Debt Issuance Policy (the “Policy”). The Policy has been established by the Finance Department to serve as a guideline for the issuance of Obligation(s), mitigate risk to the County and ensure compliance with federal, state, and local laws.

BACKGROUND AND AUTHORITY

The County may, from time-to-time issue revenue bonds, general obligations, certificates of participation, or other long-term financial obligations. In offering Obligations to the public, the County must comply with the federal securities laws ensuring they meet the requirements of the Internal Revenue Code of 1986, as amended, and Treasury Regulations concerning tax-exempt and tax-advantaged debt (“debt issuances”), as applicable, and the “anti-fraud rules” of the federal securities laws (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those acts, particularly “Rule 10b-5” under the 1934 Act).

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and/or omit material information that would be necessary to

provide to investors a complete and transparent description of the Obligations and the County's financial condition. In the context of the sale of securities, a fact is generally considered to be "material" if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

The County's ability to issue debt is governed by the County's Home Rule Charter ("HRC"), the Colorado State Statutes ("CRS"), and the Colorado Constitution.

Article X of the HRC, entitled "Limitations on Borrowing", authorizes the County to borrow money or enter into other obligations after the indebtedness is submitted to and approved by the majority of electors voting at an election called for such a purpose. Article X does not limit bonded indebtedness; rather, it is left to the discretion of the Board of County Commissioners ("BOCC") subject to the constitutional requirements of the Taxpayer's Bill of Rights ("TABOR") or other constitutional provisions.

Article X, Section 20 of the Colorado Constitution, requires voter approval in advance of the "creation of any multiple fiscal year direct or indirect district Debt or other financial obligation whatsoever" [TABOR(4)(b)]. The exceptions to this provision are:

- Refinancing bonded debt at a lower interest rate,
- Adding new employees to a pension plan, and
- Pledging adequate present cash reserves irrevocably, to be held for payment in all future fiscal years.

The BOCC is responsible for issuing debt in accordance with all federal, state, and local laws and regulations.

POLICY

1. Purposes and Uses of Debt

The County may, from time to time, use long-term debt to construct or acquire capital assets. Debt will not be used for operating purposes. Issuing debt is appropriate in the following circumstances:

- Acquiring or constructing assets to benefit future users.
- Using a pay-as-you-go approach would result in unreasonable delays in providing essential or voter-approved services.
- When total debt does not constitute an unreasonable burden on residents and taxpayers.

2. Types of Debt

CRS governs the County's ability to issue debt. The following chart shows the types of debt the County typically issues, the revenue pledge associated with each issuance type, the types of projects typically financed, the required approvals, and the references to the applicable CRS. Any debt not listed in the following chart may be considered based on discussions with the BOCC, County Attorney, and outside advisors. The State Constitution (Colo. Const. Art. XI, Section 1) prohibits the County from pledging its credit or assuming responsibility for the debt of any individual or any private or public entity.

Obligations Type	Revenue Pledge	Type of Project	Type of Approval	Limitations	CRS
Obligations Supported by County Resources					
General Obligation Bonds	Full faith & credit of the County	Any project	All Pitkin County voters	Limited to 3% of the total Pitkin County actual property tax valuation annually	30-26-101 30-26-301
Certificates of Participation ("COP")(municipal lease)	Annual budget appropriation.	Any project; often used for essential buildings	BOCC	Must pledge specific assets equal to the amount of the debt.	30-11-104.1
Revenue Bonds	Lien on specific revenue source (i.e. – sales tax, enterprise fund revenue)	Projects related to revenue source	All Pitkin County voters	None	29-2-112
Conduit Debt					
Qualified Private Activity Bonds	Revenue from private borrower – no County pledge	Qualified projects which have some public good, as defined by IRS regulations (i.e. – housing)	BOCC	Limited to annual private activity bond allocation received from the State	29-3-102
Non-profit Debt	Revenue from non-profit borrower	Any 501(c)(3)	BOCC	None	29-3-101

3. Debt Capacity

The County shall maintain outstanding Debt limits at levels consistent with BOCC direction or other constitutional provisions.

Debt capacity will be evaluated by the annual dollar amount paid in debt service and the total amount outstanding with the goal of maintaining the County’s overall issuer rating. Parameters may be different for General Obligations and other Obligations.

A. Revenue Bonds and Other Self-Supported Debt Capacity

1. Pledged coverage for revenue bonds should be sufficient to aim to target an underlying rating in the “A” category or above. Higher coverage may be necessary if the revenue stream is volatile or uncertain.
2. Coverage should allow for an internal non-pledged reserve, ranging from a full year’s debt service to no less than the greater of half of the next year’s debt service or the next year’s interest. The goal is to build this reserve within three years after the issuance of debt. This requirement may be waived administratively, particularly if there is an adequate track record for the revenue source.
3. Operating costs should be based on reasonable, conservative estimates that take into account annual cost increases.
4. In some cases, operating and capital perpetuation reserves should be included.

4. Debt Planning and Structuring

A financing feasibility model will be prepared for each major debt project. The model will identify estimated debt service payments, sources of revenue, estimated operations, maintenance, and capital replacement costs, and internal non-pledged debt service reserve for the life of the debt. This model will use conservative estimates of revenue and expenditures. Where practical, the estimates will be verified against data from external sources. This model will serve as a budget guideline over the life of the debt. However, it is recognized that future events could significantly change the model.

Debt shall generally be structured for the shortest period of time to allow for the fair allocation of costs to current and future beneficiaries or users of the asset or the life of the revenue stream (whichever is shorter). A repayment period of 20 years or less is required for general obligation bonds (C.R.S. 30-26-101(5)), 30 years or less for revenue bonds (C.R.S. 29-2-112(3)), and 30 years or less for COPs (C.R.S. 30-11-104.1). Debt shall aim to be structured to achieve the lowest possible net cost to the County given market conditions, the urgency or importance of the capital project or capital asset, and the nature and type of security provided. Whenever possible, the County shall structure Debt with level combined principal and interest costs over the life of the debt.

The County shall structure all long-term debt with prepayment options except when alternative structures are more advantageous. To preserve flexibility, call provisions at 100% will be incorporated in the structure whenever feasible. The County will consider prepaying or defeasing portions of outstanding debt when available resources are identified.

If the County purchases bond insurance, the present value of the estimated debt service savings from insurance should be at least equal to or greater than the insurance premium. The bond insurance company will usually be chosen based on an estimate of the greatest net present value insurance benefit (present value of debt service savings less insurance premium).

The County may issue Debt at a variable interest rate according to a pre-determined formula or results from a periodic remarketing of securities that is consistent with State law and covenants of pre-existing Debt and in consideration of market conditions and the advice of the County’s municipal advisor.

5. Debt Issuance Process

The Finance Department will coordinate the issuance of debt with the BOCC, County Attorney, outside advisors, and the manager of the project being funded. Outside advisors typically include financial advisors, bond counsel, underwriters, and trustees.

The County may issue debt via negotiated, competitive sale, or private placement (direct lending). The method selected will take into account the size and nature of the offering, as well as the County's standing in the bond market.

Due to the complex nature of such transactions, the County will procure professional services as needed to successfully authorize, structure, and market bonds. These services may include underwriters, financial advisors, bond counsel, arbitrage consultants, and others. The Procurement Code of the County will be followed when obtaining such services. The County recognizes best practice is to bid such services at regular intervals and will strive to do so when appropriate.

6. Conduit Debt

Conduit Debt is issued in the County's name, but the repayment resources come from individuals or entities that are not part of the Pitkin County government. Entities seek conduit debt because of the County's ability to issue the debt at favorable tax-exempt rates.

The County may sponsor conduit financing for those activities that have a general public purpose and are consistent with the County's overall service and policy objectives.

The County assumes no responsibility for conduit debt repayment. All conduit financing must insulate the County to the maximum extent possible under the circumstances from any credit risk or exposure, and from all other liability exposure. Article XI of the State Constitution prohibits the County from guaranteeing or otherwise becoming responsible for the debt of any person, company, or corporation, public or private, in or out of the state.

Issuing and monitoring conduit debt uses County resources, particularly those of the County Attorney, Finance Department, and the BOCC. In addition, the debt may reflect upon the County's credit rating. Therefore, it is the County's position that it will issue conduit debt only if the project serves a clear and pressing community purpose and is in keeping with the goals and priorities of the BOCC. Staff will make all reasonable efforts to ensure that the debt is of high quality and will not negatively reflect upon the reputation of the County in the bond market.

Outstanding conduit debt is reported annually in the notes to the County's financial statements.

7. Refinancing/Refunding Debt

Periodic reviews of all outstanding debt shall be performed to determine refunding opportunities. Factors to be considered to determine if savings are sufficient to warrant a refunding shall include:

- The length of time until the call date,
- The bonds to be refunded have restrictive or outdated covenants,

- The structure of the refunding debt, and
- Expectations of future interest rates.

Refunding of outstanding debt will only be done if there is an economic gain regardless of whether there is an accounting gain or loss or a subsequent reduction or increase in cash flows. The net present value of savings shall be at least 3%. In an advanced refunding (before the call date), the ratio of present value savings to the negative arbitrage costs should be at least 2:1. Refundings with lesser or negative savings shall not be considered unless there is a compelling public policy objective.

MONITORING AND REPORTING

The Finance Director will regularly monitor the requirements of this policy and report significant policy changes to the BOCC for approval.

RELATED DOCUMENTS AND REFERENCES

FIN-02 - Debt Post Issuance Compliance Policy

Article X, Home Rule Charter

Article X, Section 20 of the Colorado Constitution

Article XI of the Colorado Constitution

Article 26, Title 30 of the Colorado Revised Statutes

TITLE:	DEBT POST-ISSUANCE COMPLIANCE	POLICY NO.:	FIN-02
APPLICABILITY:	Any debt issuance	APPROVAL DATES:	
RESPONSIBILITY:	BOCC, County Manager, Department Heads, Elected Officials, Finance, County Attorney	REVISION DATES:	n/a

PURPOSE

The Debt Post Issuance Compliance Policy establishes guidelines for obligations, including, notes, bonds, loans, and other obligations (“Obligations”), issued by or on behalf of the County to ensure the County continues to comply with all applicable disclosure obligations and requirements under federal, state, and local laws.

BACKGROUND AND AUTHORITY

The County may from time to time issue revenue bonds, general obligations, certificates of participation, or other obligations. In offering obligations to the public, the County must comply with the federal securities laws ensuring they meet the requirements of the Internal Revenue Code of 1986, as amended, and Treasury Regulations concerning tax-exempt and tax-advantaged debt (“debt issuances”), as applicable, and the “anti-fraud rules” of the federal securities laws (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those acts, particularly “Rule 10b-5” under the 1934 Act).

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and/or omit material information that would be necessary to provide to investors a complete and transparent description of the Obligations and the County’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are issued to the public, the two central disclosure documents that are prepared are a preliminary official statement (POS) and a final official statement (OS). Collectively the POS and the OS, are referred to as the “Official Statement”. The Official Statement generally consists of:

- i. The forepart that describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the project and other matters particular to the financing;
- ii. A section that provides information on the County; and

- iii. Various other appendices, including the County’s audited financial report, form of the proposed legal opinion, and forms of continuing disclosure undertakings of the County. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

POLICY

The County will conscientiously monitor all debt obligations on an ongoing basis for post-issuance compliance with all applicable federal, state, and local laws and regulations and the U.S. Securities and Exchange Commission (SEC) regulations (specifically rule 10b-5 and rule 15c2-12 of the Securities Exchange Act of 1934).

1. Debt Service Fund

The County will use a Debt Service Fund to provide separate dedicated funding for debt service management, facilitate the payment of principal and interest, and assist in the continued compliance with these debt policies and debt covenants.

2. Investment of Proceeds

The Finance department shall invest debt proceeds and debt service reserve funds in accordance with each issue’s indenture or trust agreement, utilizing competitive bidding when possible. All investments will be made in compliance with the County’s Investment Policy objectives of safety, liquidity, and then yield.

Unexpended debt proceeds shall be held in a separate interest bearing account or in accordance with the issue’s indenture or trust agreement. The finance department will be responsible for recording all investments and transactions relating to the proceeds and providing monthly statements regarding the investments and transactions.

Investment of proceeds shall be in compliance with applicable federal tax laws. See Arbitrage Compliance.

3. Use of Debt Proceeds and Internal Controls

The **Finance Director** is responsible for ensuring debt proceeds are spent for the intended purposes identified in the debt documents and that the proceeds are spent in the time frames identified in the tax certificate prepared by the County’s bond counsel.

The County typically completes the infrastructure projects financed with debt proceeds itself. Therefore, the County’s internal controls related to County’s award of contracts and accounts payable are utilized. The **Finance Director** will authorize the use of debt proceeds to reimburse expenditures and review unspent debt proceeds remaining after each draw. The Finance Department will maintain records setting forth the date and amount of each disbursement of proceeds together with evidence with respect to each disbursement (e.g. name of payee, invoices, contracts, checks, etc.), and confirm each expense is consistent with the legal documents. The Finance Department is responsible for reconciling unspent debt proceeds on a monthly basis.

Although the County is an infrequent issuer, it recognizes each debt issue may be different and that there may be circumstances that require deviation from the standard practice of the County contracting and managing construction. In these situations, the **Finance Director**, will develop debt specific procedures, maintaining as many of the County's internal controls as possible.

4. Arbitrage Compliance

The County shall follow a policy of full compliance with all the arbitrage and rebate requirements of the federal tax code and Internal Revenue Service regulations. The County shall engage qualified third parties for the preparation of arbitrage and rebate calculations. All necessary rebates will be filed and paid when due.

5. Ongoing Disclosure

The County shall comply with the requirements of the Continuing Disclosure Undertaking(s) entered into at the time of each debt issue. The **Finance Director** shall be responsible for providing ongoing disclosure information. Disclosure for publicly issued debt is filed with the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) system, the central depository designated by the Securities and Exchange Commission for ongoing disclosure by municipal issuers. Private placement disclosure is delivered to the appropriate bondholders by email or other agreed-upon procedures.

In addition to annual reports, Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) obligates the County to enter into a written undertaking to disclose, in a timely manner to the MSRB, notice of certain specified events with respect to the County's securities. The list of applicable events is set forth in each continuing disclosure undertaking.

6. Record Retention

A copy of all relevant documents and records will be maintained by the Finance Department for the term of the debt (including refunding debt, if any) plus ten years. Relevant documents and records will include sufficient documentation to support the requirements relating to the tax-exempt status, including the following:

- Bond transcripts, official statement, and other offering documents.
- All documents relating to capital expenditures financed by debt proceeds. Such documents will include construction contracts, invoices, and payment records. Such documents will include documents relating to costs reimbursed with debt proceeds.
- Records will be maintained identifying the assets or portion of assets that are financed with debt proceeds.
- All contracts and arrangements involving private use (including private management) of the debt financed assets.
- All reports relating to the allocation of debt proceeds and private use of debt financed assets.
- All records of investments, investment agreements, arbitrage reports, return filings with the IRS and underlying documents, statements, rating correspondence, and continuing disclosure.

MONITORING AND REPORTING

The **Finance Director** will regularly monitor the requirements of this policy and report significant policy changes to the **BOCC** for approval.

RELATED DOCUMENTS AND REFERENCES

FIN-01 - Debt Issuance Policy

Article X, Home Rule Charter

Article X, Section 20 of the Colorado Constitution

Article XI of the Colorado Constitution

Article 26, Title 30 of the Colorado Revised Statutes