

EXHIBIT 11-F

Monterey Peninsula Water Management District Financial Policies

Debt Management Policy

The Debt Management Policy provides guidelines for managing the District's debt obligations. The policy outlines the circumstances under which the District can utilize debt for short- or long-term purposes and establishes parameters for debt issuance, including types of debt, debt limits, controls, and debt administration procedures. The policy establishes the following guidelines:

1. Purpose and Goals: The purpose of the policy is to ensure responsible and prudent debt management practices that support the District's long-term financial health and creditworthiness.
 - i. The District will plan the use of debt in a manner that sustains financing payments at manageable levels.
 - ii. Debt will be issued for a capital project only when the magnitude of costs justifies debt financing; the project meets a critical need; if a secure revenue source is identified to repay the debt; and when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries.
 - iii. The District will make every effort to use pay-as-you-go financing for capital improvement projects. Debt financing for a project may be used if the overall project cost exceeds anticipated available resources.
2. Approval: All debt issuances will be approved by the District Board. Where Official Statements (OS) are issued for debt, the OS will be approved by the Board as a non-consent item.
3. Criteria: Debt financing will only be used for long-term capital improvement projects with a useful life exceeding the term of the financing and for which the project revenues or specific identified revenue sources are sufficient to service the long-term debt, i.e. the term for repayment of long-term financing for capital improvements will not exceed the expected useful life of the project, and the District will not issue long-term debt to finance current operations. Refunding opportunities will be identified by periodic review of outstanding debt obligations. Refunding will be considered when there is a net economic benefit from the refunding.
4. Attention to Creditworthiness: Debt will be issued to maintain financial flexibility and minimize borrowing costs. The District shall seek to maintain the highest possible credit ratings for debt instruments, striving to at least maintain an investment grade standing (ranging from AAA to BBB) in the municipal market without compromising the District's policy objectives.

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5. Types of Financing Instruments: The District may consider various types of debt instruments to finance long-term capital projects, including but not limited to revenue bonds, bond or grant anticipation notes, general obligation bonds (when allowed), certificates of participation, lease-financing, tax increment financing, special tax bonds, conduit financing, lines of credit, bank loans, and capital leases. These debt issuances may involve the services of externally qualified consultants such as Municipal Advisors, Bond Counsel, Underwriters, and Fiscal Agents to issue and manage debt. Generally, the District may use a lease-purchase method of financing for equipment if the lease rates are more favorable than the District's expected overall investment rate of return.
6. Debit Limits: Debt issuances may be restricted by existing debt covenants, including minimum debt coverage ratios. If applicable, the District will not incur general obligation indebtedness for public improvements that exceed in aggregate 15% of the assessed value of all real and personal property of the District as specified in the California Government Code Section 43605. Unless specific compelling reasons exist, the District will not consider "balloon" bond repayment schedules consisting of low annual payments and one large payment due at the end. The District will only issue fixed-rate debt. Such debt provides absolute certainty, at the time of the bond sale, as to the level of principal and interest owed annually.
7. Reporting and Controls:
 - i. The District will comply with ongoing disclosure requirements associated with the agency's debt as stipulated by the Securities and Exchange Commission, Rule 15c2-12, and monitor compliance with those requirements. Staff will be responsible for ongoing disclosure information to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, as well as reporting requirements issued by the California Debt and Investment Advisory Commission.
 - ii. The District shall establish and maintain a system of record keeping and reporting to comply with bond covenants, ensure that the proceeds of the proposed debt issuance will be directed to the intended use, and meet the arbitrage rebate compliance requirements as required by the tax code. The District will monitor all forms of debt annually in conjunction with the budget preparation process and report concerns and remedies, if necessary, to the Board. As part of its recordkeeping, the District shall maintain the following documents for the term of each issue of debt:
 - i. A copy of the debt closing transcript(s) and other relevant documentation in connection with the closing of the issue of debt.

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- ii. A copy of all material documents relating to capital expenditures financed by debt proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions, and payment records, reimbursed with debt proceeds, and records identifying the assets or portion of assets that are financed or refinanced with debt proceeds.
 - iii. Copies of records of investments, investment agreements, arbitrage reports, and underlying documents, including trustee statements.
8. Use of Debt Proceeds: The District will monitor the use of debt proceeds and the use of debt-financed assets (e.g., facilities, furnishings, or equipment) throughout the term of the debt and beyond if stipulated to ensure compliance with covenants and restrictions set forth in applicable financing documents, resolutions, and tax certificates.