

# Debt Issuance and Management Policy and Continuing Disclosure Compliance

September 17, 2019

# Debt Policy

- As of 2017, Gov. Code § 8855 requires a local debt policy be in place prior to the sale of any bond issue
- Standard debt policy is being used by many other agencies
- Purpose for the debt, type of debt, relationship of the debt to budget, policy goals and internal controls must be part of the policy
- Policy supports City goals of fiscal sustainability and financial prudence.
- Provides guidelines for bond issuance, administration of bond records and bond proceeds expenditures

# Debt Policy

ATTACHMENT 3

- Use of Debt:
  - Included in the City's Capital Improvement Plan
  - Long term debt should not be used for short useful life
  - Cost Effective and Efficient
  - Financial alternatives should be considered
- Use of Proceeds:
  - Purchase of land
  - Purchase of Capital
  - Construction or reconstruction of a facility
  - Refunding, refinancing or restructuring debt

# Debt Policy

ATTACHMENT 3

- Short Term Debt:
  - Temporary shortfall in cash flow
  - Short lived capital projects such as leasing equipment
  - Reliable revenue source must be identified for repayment
- Internal Controls
  - Annual Report Filing
  - Record keeping procedures on all debt related items

# Debt Policy

ATTACHMENT 3

- Types of Financing
  - General Fund Supported Debt
  - Revenue Bonds
  - Special Districts Financing
  - General Obligation Bonds
  - Tax Increment Financing
  - Conduit Debt

# Debt Policy

ATTACHMENT 3

- Outlines and provides guidelines for the
  - The Structure of Debt
  - Use of Alternative Debt Instruments
  - Refunding
  - Market communication, administration and reporting
  - Record-keeping
  - Arbitrage Rebates

# Continuing Disclosure Compliance

- Must comply with the annual filing of disclosures for each bond issue
- Completion of annual financial statements each fiscal year (CAFR)
- Review of the Electronic Municipal Market Access (EMMA) annually
- Retain records for the appropriate time frame

Questions?