



## Legislation Text

---

**File #:** 19-477, **Version:** 1

---

### City Council Agenda

**Memo to:** Manteca City Council

**From:** Jeri Tejeda, Finance Director

**Date:** September 17, 2019

**Subject:** Adoption of a Debt Issuance and Management Policy and Continuing Disclosure Compliance Procedures.

Adopt a resolution approving a Debt Issuance and Management Policy and Continuing Disclosure Compliance Procedures and Taking Related Actions.

#### **Background:**

##### Debt Policy

A Debt Issuance and Management Policy (the "Debt Policy") is presented to the City Council for consideration. The Debt Policy supports the City's goals of fiscal sustainability and financial prudence and complies with requirements of Government Code Section 8855(i).

The City and the City's related public entities (such as the Successor Agency to the Manteca Redevelopment Agency and the Manteca Financing Authority), from time to time incur bonded debt (collectively, "bonds") to finance projects or for refunding purposes. The Successor Agency is currently contemplating the issuance of bonds to refund bonds issued by the former Redevelopment Agency.

Pursuant to Government Code Section 8855, a Report of Proposed Debt Issuance must be filed with the California Debt and Investment Advisory Commission before the sale of any bond issue. Amendments to Section 8855(i), which became effective in 2017, requires each Report of Proposed Debt Issuance to include the issuer's certification that: (i) the issuer has adopted a local debt policy, and (ii) the contemplated bond issue is consistent with such adopted policy. The local debt policy must include the following:

1. The purpose for which the debt proceeds may be used;
2. The types of debt that may be issued;
3. The relationship of the debt to, and integration with the issuer's capital improvement program or budget, if applicable;
4. Policy goals related to the issuer's planning goals and objectives; and
5. The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

The City currently does not have a formal written debt policy pertaining to the issuance of bonds and the maintenance of bond-related records.

The Debt Policy supports the City's goals of fiscal sustainability and financial prudence. It sets forth formal written guidelines for the City's bond issuances and the administration of bond records, reporting obligations and bond proceeds expenditures. It contains provisions that reflect the City's current practices and comply with the requirements of Government Code Section 8855(i).

**Continuing Disclosure Compliance Procedures**

Attached to the Debt Policy, as Appendix I, is the Continuing Disclosure Compliance Procedures.

Whenever the City issues bonds, the bonds may be sold either through a public offering (in which the bonds are first sold to a bond underwriter and, in turn, the bond underwriter offers the bonds to the public through the securities market) or a private placement (in which the bonds are sold to a limited number of sophisticated investors or a single investor).

Pursuant to federal securities law, for each public offering of municipal bonds, the issuer (or the relevant entity responsible for the repayment of the bonds) must execute a continuing disclosure agreement. Under each continuing disclosure agreement, certain relevant information must be periodically made available to the investing market.

In recent years, the Securities and Exchange Commission has placed increased emphasis on local government entities' compliance with their continuing disclosure undertakings. The adoption of the continuing disclosure compliance procedures will formalize the process by which the City and its related public entities comply with bond continuing disclosure obligations. Bond underwriters view the existence of such adopted procedures favorably with respect to the marketing of the bonds.

**Fiscal Impact:**

The Debt Policy has been drafted to support the City's goals of fiscal sustainability and financial prudence.

**Documents Attached:**

1. Attachment 1 - Resolution
2. Attachment 2 - Exhibit A to the Resolution - Debt Issuance and Management Policy (with Continuing Disclosure Compliance Procedures as Appendix I)
3. Attachment 3 - Presentation