



MEMORANDUM

To: Mayor and City Council

From: Jennifer Miller, Director of Finance

Date: November 14, 2017

Reference: Consider approval of the Debt Management Policy

2030: Sustainable City Government

Introduction:

This agenda item is being presented to consider approval of the revised debt management policy as presented to Council during the Council Work Session on October 10, 2017.

Previous reviews and approvals of the policy:

- July 24, 2007 Initial adoption of the policy
- March 25, 2008 Added language regarding debt limits.
- July 26, 2011 Reviewed as part of the 2011 Bond Issuance – No changes

Debt management policies are written guidelines that affect the amount and type of debt issued, the issuance process, and the management of the debt portfolio. A debt management policy improves the quality of decisions, provides justification for the structure of debt issuance, identifies policy goals, and demonstrates a commitment to long term financial planning. Adherence to a debt management policy signals to the rating agencies and the capital markets that a government is well managed and should meet its obligations in a timely manner.

There are several advantages of a debt management policy:

- Promotes stability and continuity
- Promotes long term and strategic thinking
- Assures continuity in financial operations whether there is a change in Council or management.

Analysis:

- On October 3, 2017, the Capital Priorities Task Force reviewed the current debt management policy. Changes were proposed and staff was directed to forward the revised policy to the Financial Advisor for their recommendations for any changes.
- On October 9, 2017, the task force reviewed the changes and recommended presenting in Work Session to the entire Council on October 10, 2017.
- The changes were presented in Work Session on October 10, 2017 with Council agreeing with the proposed changes with the exception of % of assessed valuation. It was recommended that at this time it should remain at 3%.
- On October 16, 2017, the task force approved the revised policy and recommended that it be brought forward to Council on the November 14, 2017 agenda for approval.
- The policy will be reviewed annually as part of the budget adoption process.

Legal Review:

The agenda item was reviewed by legal as part of the agenda review process.

Fiscal Impact:**Recommendation:**

The Finance Department recommends approval.