



Discussion and Action on the City's Debt Management Policy 2012

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Comptroller

Financial Services Department

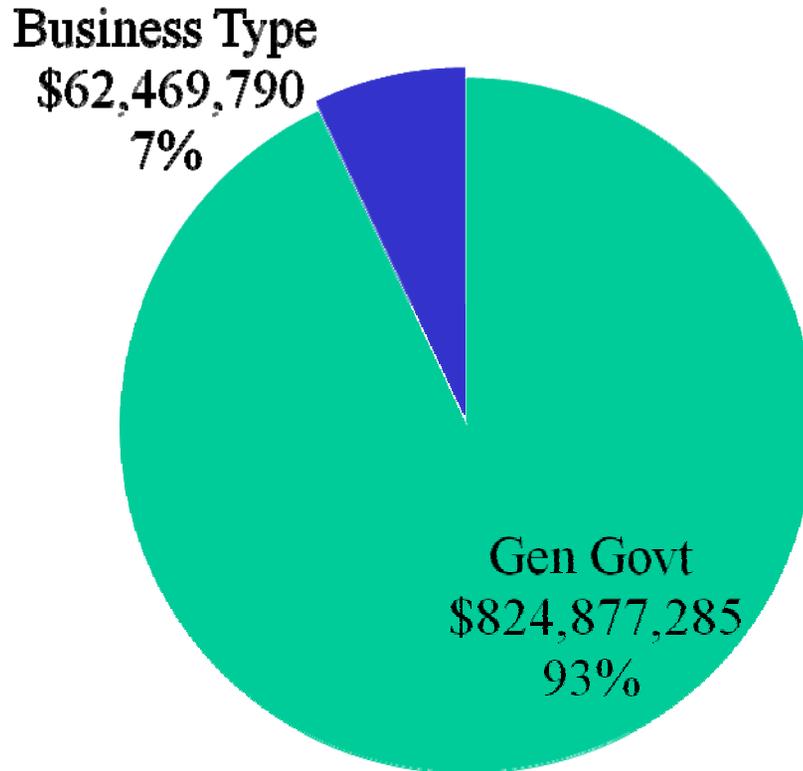


Governance of Debt Issuance

- **Federal**
 - Taxable / Tax Exempt
 - Specialties like BAB (Build America Bonds)
 - Etc.
- **State**
 - Grant authority to municipalities for GO, Rev Bonds...
 - Specialties like TIF, PID
 - Etc.
- **Other regulatory bodies**
 - GASB
- **Municipal Code**



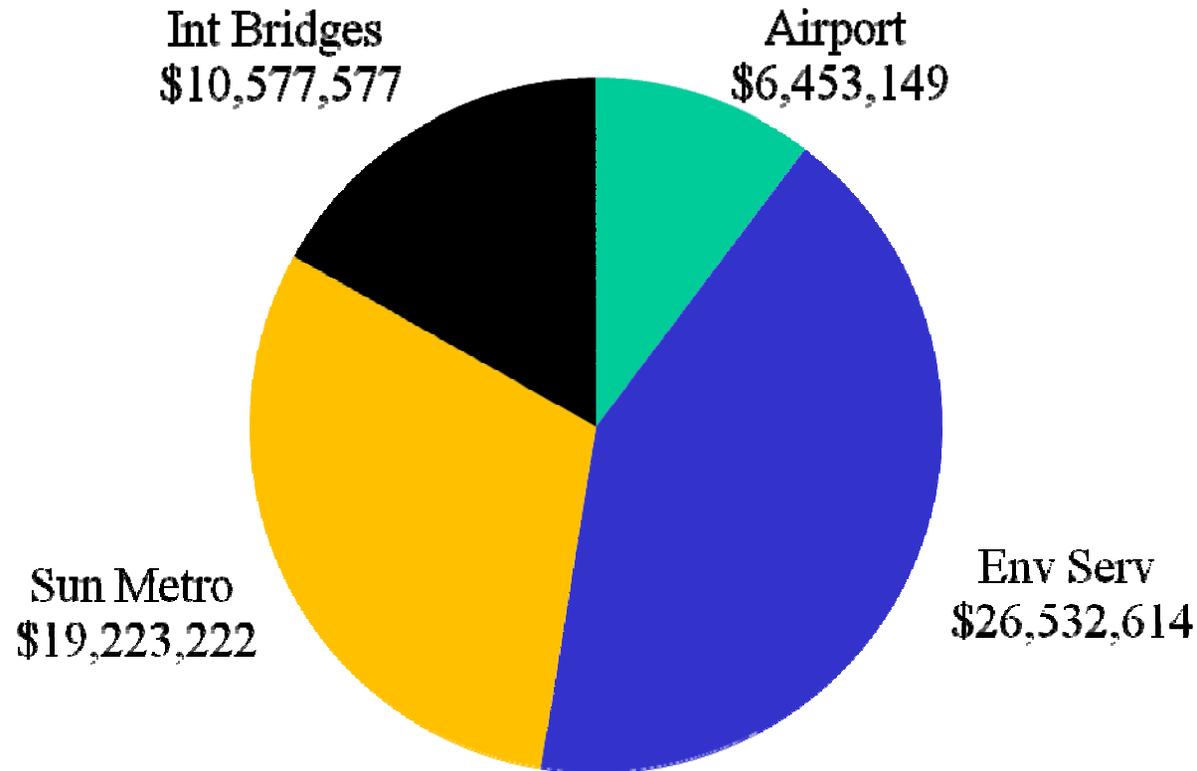
Context of Debt Issuance – EP (2010 Audited)



GO & CO	\$829.7
Rev Bnd	\$ 23.1
Cap Ls	\$ 9.8
Note Pay	\$ 24.6

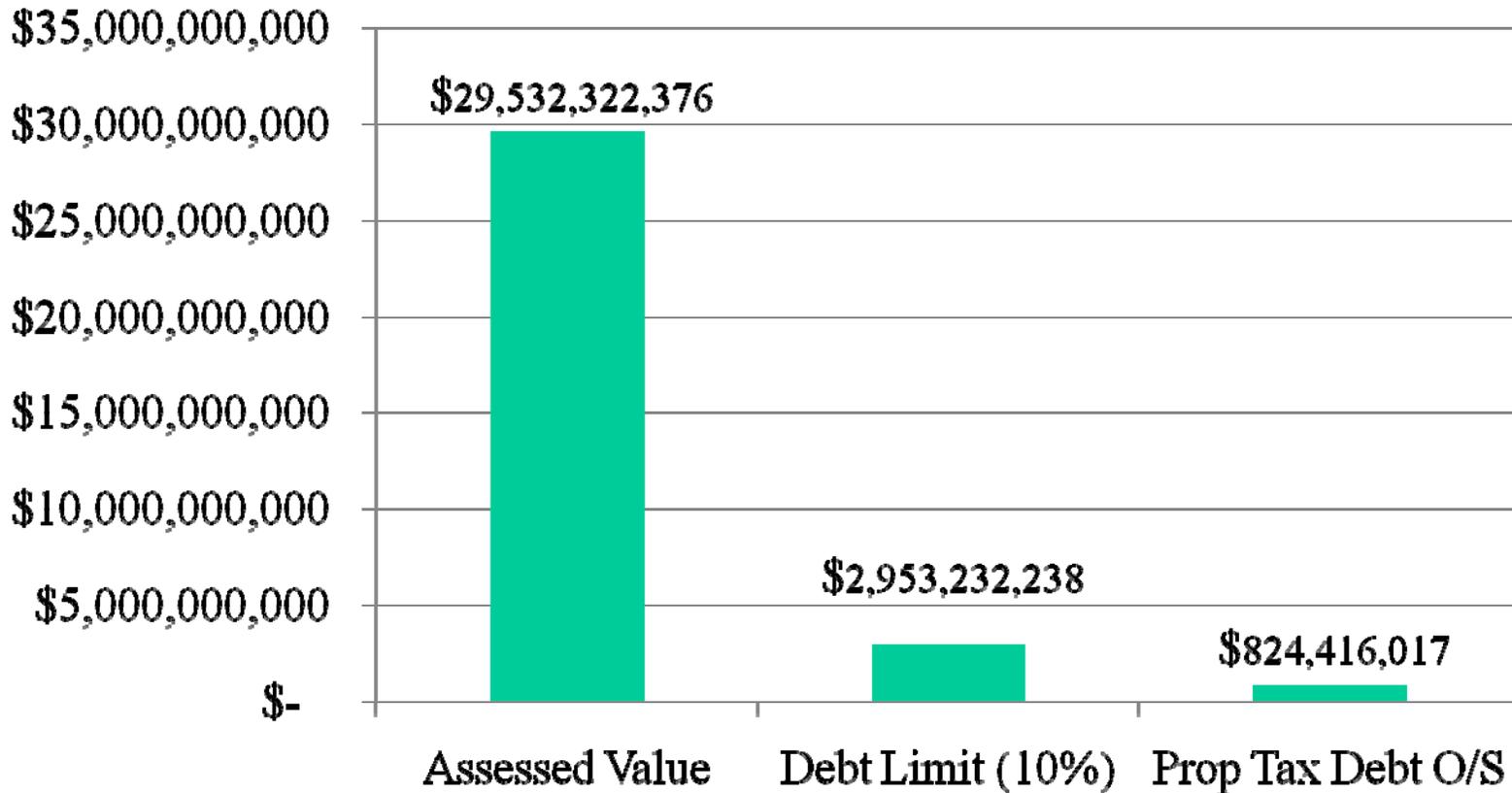


Context of Debt Issuance – EP (Business Type Activities 2010 Audited)





Context of Debt Issuance – EP (2010 Audited)





Debt Mgmt Policy for 2012

No Substantive Changes

- **Financing Alternatives**
 - **GO Bonds (new, >\$100 million, 15+ year life)**
 - **Certificates of Obligation**
 - **Revenue Bonds (enterprise activities producing rev)**
 - **Other (capital leases, notes, pension bonds)**
- **Sale Methods**
 - **Competitive sales**
 - **Negotiated sales (underwriter pool via RFQ, Council approves)**
 - **Private placement**



Debt Mgmt Policy for 2012

No Substantive Changes

- **Refundings**
 - **Current (2%+ in NPV savings)**
 - **Advance (3%+ in NPV savings)**
 - **Other (restructuring, changing covenant restrictions, etc.)**
- **Debt Issuance Limits & Maturities**
 - **GO should be < 10% of assessed valuation**
 - **Debt service (P & I) < 15% of total expenditures**
 - **Debt life < Asset life (max 30 years & avg life < 15 yrs)**



Debt Mgmt Policy for 2012

No Substantive Changes

- **Debt Service Fund & Taxes**
 - Interest earnings on debt proceeds ltd to capital or debt svc
 - Debt svc reserves < 25% of current year debt svc
 - Debt svc reserves > largest taxpayer's levy
 - Max debt svc tax rate is \$0.27 per \$100 valuation
- **Credit Ratings**
 - Bond rating on all issuances sold to public
 - Timely audits, CAFR & continuing disclosure



Debt Mgmt Policy for 2012

No Substantive Changes

- **Selection of professionals in issuance process**
 - Financial Advisors via RFQ, Council awards
 - Bond Underwriters via RFQ, Council awards
 - Bond Counsel via City Manager recommendation, Council awards (RFQ is optional)

- **Administrative correction to Policy – Section 15.1**
 - Reference DCM and portfolio for “Finance and Public Safety”
 - UPDATE to “Finance and Management Support Services”
 - Reference to “request for proposal” process s/b just RFQ



Questions?