

RESOLUTION NO. 2017-084

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROHNERT PARK
ADOPTING A DEBT MANAGEMENT POLICY**

WHEREAS, the City Council of the City of Rohnert Park desires to comply with Government Code Section 8855(i), effective on January 1, 2017, and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Rohnert Park hereby adopts the attached Debt Management Policy.


DULY AND REGULARLY ADOPTED this 27th day of June, 2017.

CITY OF ROHNERT PARK



Jake Mackenzie, Mayor

ATTEST:



Caitlin Saldanha, Deputy City Clerk

Attachment: Debt Management Policy

AHANOTU: Aye BELFORTE: Aye CALLINAN: Aye STAFFORD: Aye MACKENZIE: Absent
AYES: (4) NOES: (0) ABSENT: (1) ABSTAIN: (0)



CITY OF ROHNERT PARK CITY COUNCIL POLICY

SUBJECT/TITLE:	POLICY NO:	APPROVED BY:	APPROVAL DATE:
DEBT MANAGEMENT POLICY		<input type="checkbox"/> RESO NO: _____ <input type="checkbox"/> MINUTE ORDER	

1. PURPOSE

The City of Rohnert Park desires to comply with Government Code Section 8855(i), effective on January 1, 2017.

2. FINDINGS

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the City.

This policy is also the Debt Policy of affiliated city entities (successor agencies, financing corporations, joint powers authorities, CFDs).

The City hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the City's sound financial position.
- Ensure the City has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the City's credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the City.
- Ensure that the City's debt is consistent with the City's planning goals and objectives and capital improvement program and/or budget, as applicable.

The City Council may waive any provisions hereof in connection with individual financing without an amendment hereto, upon a finding that such waiver is in the City's best interests.



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3. POLICIES

A. Purposes for Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the City.

(a) Long-Term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the City and its taxpayers and/or ratepayers, as applicable.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The City may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the City Council.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The City estimates that sufficient revenues will be available to service the debt through its maturity.
- The City determines that the issuance of the debt will comply with the applicable state and federal law.



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(ii) Short-Term Debt. Short-term debt may be issued to provide financing for the City's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the City may undertake lease-purchase financing for equipment.

(iii) Financings on Behalf of Other Entities. The City may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

The following types of debt are allowable under this Debt Policy:

- General obligation bonds (GO Bonds)
- Bond or grant anticipation notes (BANs)
- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- Other revenue bonds and COPs
- Tax and revenue anticipation notes (TRANS)
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Tax increment financing to the extent permitted under State law
- Conduit financings, such as financings for affordable rental housing and qualified 501(c)(3) organizations
- Interfund loans to and from special revenue, enterprise, and internal service funds.

The City Council may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.



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Debt shall be issued as fixed rate debt unless the City makes a specific determination as to why a variable rate issue would be beneficial to the City in a specific circumstance. Interest rates on interfund loans may be fixed or be tied to an index such as California Local Agency Investment Fund (LAIF) or Sonoma County Investment Pool (SCIP).

C. Relationship of Debt to Capital Improvement Program and Budget

The City is committed to long-term capital planning. The City can issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's capital budget and the capital improvement plan.

The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The City shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City's public purposes.

D. Policy Goals Related to Planning Goals and Objectives

The City is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The City would issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's annual operations budget.

It is a policy goal of the City to protect taxpayers, ratepayers (if applicable) and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the City to realize, whenever possible, and subject to any overriding non-financial policy considerations, minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount.



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E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the City will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings entered into by the City in accordance with SEC Rule 15c2-12.
- Any federal tax compliance requirements, including, without limitation, recordkeeping related to expenditures of tax exempt bond proceeds, arbitrage and rebate compliance.
- The City's investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the City upon the submission of one or more written requisitions by the City Treasurer (or his or her written designee), or (b) by the City, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the City.

REVISION HISTORY:
JUNE 27, 2017: ORIGINAL ADOPTION OF DEBT MANAGEMENT POLICY