



Legislation Text

File #: 17-470, **Version:** 1

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SUBJECT: City of Merced Debt Policy and Continuing Disclosure Policy

REPORT IN BRIEF

Consider adopting Debt Policy and Continuing Disclosure Policy in compliance with Senate Bill 1029.

RECOMMENDATION

City Council - Adopt **Resolution 2017-53**, a resolution of the City Council of Merced, California, adopting Debt Policy and Continuing Disclosure Policy.

ALTERNATIVES

1. Adopt as recommended by staff; or,
2. Refer back to staff with special direction.

AUTHORITY

Government Code Section 8855 and Senate Bill (SB) 1029.

CITY COUNCIL PRIORITIES

As provided in the 2017-18 Adopted Budget.

DISCUSSION

Due to the adoption of SB 1029, all state and local government agencies are required to adopt a Debt Policy in order to issue debt. SB 1029 establishes new requirements on debt issuance and debt management. It recommends that state and local government agencies adopt a written debt management policy that reflects local, state, and federal laws and regulations. A Debt Policy must include these items:

- A) The purposes of which the debt proceeds may be used;
- B) The type of debt that may be issued;
- C) The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable;
- D) Policy goals related to the issuer's planning goals and objective;
- E) 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.

Pursuant to Government Code Section 8855(i), the California Debt and Investment Advisory Commission (CDIAC) requires any issuer of public debt to provide a Report of Proposed Issuance no

later than 30 days prior to the sale of any debt issue. In addition, an issuer must certify on the Report of Proposed Debt Issuance that its agency has adopted a local debt policy. Effective January 1, 2017, if an agency has not adopted a Debt Policy, they will be unable to issue any debt.

The City of Merced is currently working on Community Facilities District No. 2005-1 (Bellevue Ranch West) bonds refunding. If a Debt Policy is not adopted at least 30 days before bond pricing, the City of Merced would not be able to move forward on this refunding.

HISTORY

The City of Merced does not have an existing Debt Policy. The City of Merced adopted Administrative Policy and Procedure (A-29) - Land Secured Financing on September 16, 2002, and revised it on September 4, 2007. This Administrative Policy is used as a guide by staff in assisting developers on the formation of Community Facilities and Assessment Districts for infrastructure.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. Resolution 2017-53 - Adopting Debt Policy and Continuing Disclosure Policy
2. Administrative Policy A-29 - Land Secured Financing