

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER,
FINANCE DEPARTMENT
SUBJECT: DEBT MANAGEMENT AND DISCLOSURE POLICY AMENDMENT

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, amend Council Policy 000-58 Statement of Debt Management and Disclosure Policy to include requirements of SB 1029 which go into effect January 1, 2017.

EXECUTIVE SUMMARY

SB 1029, California Debt and Investment Advisory Commission (CDIAC); accountability reports, was approved by the Governor September 12, 2016. In order to be in compliance with the requirements of this legislation, the Council needs to make some amendments to its existing policy to include the additional requirements which go into effect January 1, 2017.

BACKGROUND

The City maintains a Debt Management and Disclosure Policy that complies with existing Federal, State and local laws. With the approval of SB 1029, there are some additional requirements within State law that are not currently in our existing policy. SB 1029 added requirements for additional reporting to CDIAC beginning with debt issuances closed after January 21, 2017. It also includes requirements to integrate debt issuances within the long term planning goals and objectives of the organization, a provision that the weighted average maturity of the debt will not exceed 120% of the useful life of the asset funded with debt proceeds, and that whenever possible, a third party will be the custodian of the debt proceeds until claimed as a reimbursement for expenditures incurred.

PRIOR CITY COUNCIL REVIEW

On February 10, 2015, the City Council, by Resolution No. 28601, approved an amendment to Council Policy 000-58 to address new requirements imposed by the Security and Exchange Commission.

ANALYSIS

On September 12, 2016, the Governor signed into law SB 1029 which provides for expanded tracking and reporting requirements for the CDIAC. In addition to these expanded requirements for CDIAC, the bill requires that all issuers of debt have adopted local debt policies which include specified provisions concerning the use of debt. The amendments proposed to the Council's existing policy meet the requirements of the new law and have been reviewed by the City's bond counsel and financial advisor.

FISCAL IMPACT

There is no fiscal impact from approving this amendment to the policy.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Redline Version of Existing Policy
- Resolution/ Exhibit A

CONTACT

Deborah Lauchner, Chief Financial Officer, Finance, dlauchner@srcity.org, (707) 543-3089