

DEBT MANAGEMENT

Policy: See Policy 4

Capital projects can be put into two categories; city-at-large (CAL) and benefit district (BD). Benefit district projects may have a CAL component, but the project is still considered a BD. Major CAL projects may be funded with long term general obligation bonds (GO Bonds) as work is completed over several years. GO Bonds for smaller CAL projects are normally sold after the projects are completed. BD projects are only funded after the projects are completed. Normally, in both instances temporary notes are sold to fund the project cost until GO Bonds are sold. Funds from the sale of GO Bonds pay off the outstanding temporary notes.

General obligation bonds are normally issued once a year in the spring.

Temporary notes are normally sold twice a year; in the spring and fall.

A bond/note calendar of events is prepared by the financial advisor approximately four months prior to the sale date in the spring (extra month is because of special assessment projects being bonded) and three months prior to the sale date in the fall. The calendar is sent by email to all appropriate city staff involved with funding requests and issuance of the bonds/notes. Funding requests normally come from the Public Works Department for capital projects, but could also be received from OMS, Recreation, or ITS. The Accounting Technician summarizes the requests and reviews the project authorization to make sure the requested amount has been authorized. If there is insufficient authorization the department requesting the borrowing is notified. The department will then decide whether they want to obtain additional authorization or modify the amount requested.

After the projects to be included and issue size are determined a project listing is sent to the Legal Department, bond counsel, and financial advisor. The bond counsel prepares a bond and/or note authorizing resolution to be approved by the City Council. The financial advisor sets the maturity schedule for the debt issue(s). Legal prepares project documents for the bond counsel as part of their review.

Bond/note sale

Bonds and notes are sold by competitive public sales put together by the financial advisor. After the sales the financial advisor prepares a tabulation of bids received that is presented to the City Council along with the resolution and ordinance (only for a bond sale) to be approved. The bond counsel prepares all legal bond documents including the aforementioned resolution and ordinance. At the time of the sale closing proceeds are received and distributed by the Accounting Technician to the appropriate capital projects.