

## General Obligation Debt Financial Policies – DRAFT REVISION

1. A fund balance for the General Obligation Debt Service Fund of at least 10% of total general obligation debt service requirements shall be maintained to ensure the City's ability to meet debt service payments in spite of tax revenue shortfalls or fluctuations in interest rates.

2. The term of long-term debt generally shall not exceed the expected useful life of the capital asset being financed and in no case shall it exceed 20 years.

~~3. The ratio of net debt (total outstanding tax-supported general obligation debt less G.O. Debt Service Fund balance) to Total Assessed Valuation shall not exceed 2%. This excludes debt of overlapping jurisdictions. The City shall structure its bond issuances to achieve and maintain a debt-to-assessed value of 2% or less and manage its long-term bond sale schedule in a manner consistent with the City Council's goal of maintaining a AAA credit rating.~~

~~4. The ratio of Debt Service to Total Expenditures (operating expenditures and debt service combined) shall not exceed approximately 20%.~~

54. Bond sales shall be structured to achieve level debt service payments.

65. Interest earnings from bond proceeds for general government projects (excluding projects for enterprise funds) shall be deposited in and retained by the debt service fund (preferred practice) unless otherwise required by bond ordinance or used to fund future CIP projects.

~~76. Timing of general obligation bond elections shall be determined by the inventory of current authorized unissued bonds remaining to be sold. An estimated two years of authorized unissued bonds shall remain before an election will be held. A new bond election shall not be held until prior bond programs have reached substantial completion, which is generally considered to occur when approximately 90% of bond program expenditures have been incurred.~~

~~8.7 The total dollar amount of bBond election propositions recommended to the voters shall be sized and implemented in a manner consistent with not exceed the City's estimated ability to issue said bonds within a normal six-year periodproject-delivery cycle.~~

98. The use of reimbursement resolutions shall be encouraged as a cash management tool for general obligation debt funded projects. ~~Reimbursement resolutions may be used for any project which is on the bond sale schedule or is revenue supported.~~

~~109~~. It is the City's priority to fund expenditures for capital assets with cash or voter-approved debt. However, nonvoter-approved debt may be issued, to the extent allowable by State law, if the expenditure is:

- Urgent;
- Unanticipated;
- Necessary to prevent an economic loss to the City;
- Expected to result in an economic gain to the City within a reasonable time;
- Most effectively financed through non-voter approved debt; or
- Required to address life and health safety issues at City facilities, to extend the useful life of City facilities, or to refurbish existing City facilities to meet changing City space needs.

~~110~~. The average maturity of non-voter approved debt shall not exceed the average life of the capital items financed.

~~1211~~. Capital items financed with non-voter approved debt shall have a value of at least \$10,000 and a life of at least four years.