



REPORT TO CITY COUNCIL / SUCCESSOR AGENCY / PUBLIC FINANCE AUTHORITY

To: Honorable Mayor/ Chair and Members of the City Council/ Successor Agency/ Public Finance Authority

From: Grant Yates, City Manager/Executive Director

Prepared by: Jason Simpson, Assistant City Manager/Asst Executive Director

Date: July 11, 2017

Subject: Debt Management Policy for the City of Lake Elsinore, the Lake Elsinore Financing Authority and the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore

Recommendation

adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ADOPTING A DEBT MANAGEMENT POLICY; and,

adopt A RESOLUTION OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ADOPTING A DEBT MANAGEMENT POLICY; and,

adopt A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE ELSINORE PUBLIC FINANCING AUTHORITY OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ADOPTING A DEBT MANAGEMENT POLICY.

Background

Senate Bill 1029 (SB 1029), which became effective on January 1, 2017, amended California Government Code 8855 to add certain requirements related to the issuance and administration of debt by local agencies, including requiring the adoption of a debt policy meeting the requirements of California Government Code 8855. This impacts each of the City of Lake Elsinore, the Lake Elsinore Financing Authority and the Successor Agency to the Redevelopment Agency of the City of Lake Elsinore and any community facilities district formed by the City (collectively, the Covered Entities).

In connection with the issuance of new debt by any of the Covered Entities, the applicable Covered Entity will need to submit to the California Debt and Investment Advisory Commission (CDIAC) a preliminary report of debt issuance describing the proposing debt to be issued. Part of the preliminary report of debt issuance is a certification that the applicable Covered Entity has adopted a debt policy that meets the requirements of the new legislation.

Discussion

In connection with the issuance of new debt by any of the Covered Entities, the applicable Covered Entity will need to submit to the California Debt and Investment Advisory Commission (CDIAC) a preliminary report of debt issuance which will include a certification that the applicable Covered Entity has adopted a debt policy that meets the requirements of the new legislation, which are found in California Government Code 8855. Adoption of the debt policies by the governing bodies of each applicable Covered Entity is required for compliance with the new legislation.

In accordance with Government Code 8855, a local debt policy must include all of the following:

- (A) The purposes for which the debt proceeds may be used.
- (B) The types 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 objectives.
- (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.

Fiscal Impact

None

Exhibits:

- A City Council Resolution
- B PFA Resolution
- C Successor Agency Resolution
- D Debt Management Policy