

CITY COUNCIL COMMUNICATION



MEETING DATE: October 24, 2023

ITEM NUMBER: 9.G

SECOND READING:

{{customfields.ResoOrdNumber}}

TYPE OF ITEM: Consent

PRESENTED BY:

Jim Golden, Finance Administration, Jim.Golden@longmontcolorado.gov

SUBJECT/AGENDA TITLE:

A Resolution Of The Longmont City Council Adopting A Revised Debt Policy For The City Setting Forth Objectives And Defining Guidelines, Constraints, And Responsibilities Regarding Fiscally Prudent Debt Management

EXECUTIVE SUMMARY:

The Debt Management Policy for the City of Longmont was originally adopted in March of 2013. In 2023, City staff has worked with the City's Municipal Advisor and Bond Counsel to do an update to the Debt Management Policy. The update keeps the policy abreast with current best practices, the current IRS laws regulating public finance, the current SEC regulations concerning continuing disclosure, and the current debt practices of the City. The attached resolution adopts the revised Debt Management Policy for the City of Longmont. The revised Debt Management Policy is attached to this communication. If there are questions on this item please contact Chief Financial Officer Jim Golden at 303 651-8629

COUNCIL OPTIONS:

1. Approve the Resolution
2. Do not approve the Resolution

RECOMMENDED OPTIONS:

Approve the Resolution

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:

The Debt Policy is intended to set forth objectives and defines guidelines, constraints, and responsibilities to pursue fiscally prudent debt management practices to issue debt with the most cost-effective means given prevailing market conditions.

BACKGROUND AND ISSUE ANALYSIS:

The City Council annually adopts financial policies for the City during the annual budget process. Included within these are five policies pertaining to debt management. In addition, the City Charter also addresses debt management in Article X. While these all have been guides to debt management by the City, it is a best practice, and an expectation of the bond

rating community, that the City maintain a comprehensive debt management policy. Thus in 2013, City staff worked with the City's Municipal Advisor and Bond Counsel to draft a Debt Management Policy for the City. The Debt Management Policy not only incorporates the five related policies referenced above, but it is also much more comprehensive in scope and is inclusive of the following sections:

- I. Purpose - states the purpose of the policy
- II. Long Term Debt - defines the appropriate use of long term debt
- III. Type of Borrowings - identifies the type of debt instruments that can be utilized
- IV. Legal Authority - identifies the State and local legal authority related to debt
- V. Debt Limitations - identifies the State, Charter and bond covenant & financial metric limitations
- VI. Debt Administration - identifies general statements regarding process and compliance
- VII. Debt Structure - identifies the structure of debt that can be utilized

Included as an Addendum to the Policy is Article X from the City Charter that addresses bonded indebtedness.

The attached resolution adopts the revised Debt Management Policy for the City of Longmont. The revised Debt Management Policy is attached to this communication. There is also a red-lined copy of the current Debt Management Policy attached. The individual sections remain the same but some changes have been made throughout the policy. The changes of substance include the following:

- Section I: Updates to policy purpose and to general objectives to provide clarity.
- Section III: New wording inserted in place of "obligations". Also deleted some unnecessary wording.
- Section IV: Inserted TABOR statute reference and other clarifying wording.
- Section V.1. Inserted statements regarding need for voter approval of bonded debt.
- Section V.2. inserted "fiscal" into "multiple-fiscal-year debt obligations".
- Section V.3. Expanded to include financial metrics.
- Section VI.1 Update to titles.
- Section VI.2 Added more specifics in regard to use of advisors.
- Section VI.5 Added reference to Post Issuance Compliance procedures.
- Section VII.3 Added clarity regarding refundings
- Section VII.4 Added clarity regarding premiums and discounts
- Section VII.5 Added clarity regarding competitive sales and private sales
- Section VII.10 Added more criteria and clarity for consideration of a refunding.

CITY COUNCIL COMMUNICATION



If there are questions on the proposed update to the Debt Management Policy, please contact Chief Financial Officer Jim Golden at (303) 651-8629.

ATTACHMENTS:

Att 1 - Resolution

Att 2 - Proposed Debt Management Policy

Att 3 - Redlined Debt Management Policy