



# Agenda Report

February 27, 2017

**TO:** Honorable Mayor and City Council  
**THROUGH:** Finance Committee  
**FROM:** Finance Department  
**SUBJECT:** Adoption of the City of Pasadena Debt Policy

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and section 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Adopt the attached City of Pasadena Debt Policy.

## **BACKGROUND:**

Senate Bill 1029 (SB 1029) was signed by the Governor on September 12, 2016 and became effective January 1, 2017. SB 1029 amends the California Government Code to augment the information that municipal issuers of debt must provide to the California Debt and Investment Advisory Commission (CDIAC). The bill was sponsored by the state treasurer and mandates local government debt issuers to track and report the spending of bond proceeds in an effort to increase transparency and improve public knowledge. Existing law requires local government debt issuers to report to CDIAC the proposed issuance of any public debt and the final sale within a specific timeframe. SB 1029 also requires that the reporting of any proposed debt by the local government include a certification that it has adopted a local debt policy which includes specific provisions concerning the use of debt and that the contemplated debt issuance is consistent with the adopted policy.

SB 1029 requires that the debt policy include the following five elements:

1. The purpose for which the debt proceeds may be used;
2. The types of debt that may be used;
3. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable;
4. Policy goals related to the issuer's planning goals and objectives;
5. Internal control procedures to ensure that the proceeds of the proposed issuance get directed to the intended use.

### **Reporting Requirements**

SB 1029 further imposes reporting requirements for local government issuers for each bond sale and also an annual report on bond activities.

Each time a local government issues a debt, this measure requires the issuer to submit a report of final sale to CDIAC no later than 21 days after the sale.

SB 1029 also requires local government issuers to submit an annual report to CDIAC containing the following information:

- Debt authorized during the reporting period, which must include:
  - Debt authorized at the beginning of the reporting period;
  - Debt authorized and issued during the reporting period;
  - Debt authorized but not issued at the end of reporting period;
  - Debt authorized that has lapsed during the reporting period.
- Debt outstanding during the reporting period, which must include:
  - Principal balance at the beginning of the reporting period;
  - Principal paid during the reporting period;
  - Principal outstanding at the end of the reporting period.
- The use of proceeds of issued debt during the reporting period, which must include:
  - Debt proceeds available at the beginning of the reporting period;
  - Proceeds spent during the reporting period and the purpose for which it was spent;
  - Debt proceeds remaining at the end of the reporting period.

The annual report must cover a reporting period consistent with the City's fiscal year July 1 to June 30, and must be filed no later than seven months from the end of the reporting period. The first annual report required under these

provisions will cover the reporting period starting July 1, 2016 and ending June 30, 2017 and must be filed with CDIAC no later than January 31, 2018.

**FISCAL IMPACT:**

There is no fiscal impact as a result of this action and will not have any indirect or support cost requirements. The anticipated impact to other operational programs or capital projects as a result of this action will be none.

Respectfully submitted,

  
MATTHEW E. HAWKESWORTH  
Director of Finance

Prepared by:

  
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Approved by:

  
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STEVE MERMELL  
City Manager

Attachments: (1)  
1) Debt Management Policy