



Office of the City Manager

CONSENT CALENDAR
June 27, 2023

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Henry Oyekanmi, Director, Finance
Subject: Revisions to the Debt Management and Disclosure Policy

RECOMMENDATION

Adopt a Resolution accepting revisions to the Debt Management and Disclosure Policy.

FISCAL IMPACTS OF RECOMMENDATION

There are no fiscal impacts from approving the revisions to the Debt Management and Disclosure Policy.

CURRENT SITUATION AND ITS EFFECTS

The City of Berkeley currently have a Debt Management and Disclosure Policy.

This Policy was intended to comply with Government Code Section 8855(i), effective January 1, 2017. Per SB 1029 the policies set forth in the Debt Management Policy (the "Policy") was developed to provide clear and comprehensive guidelines for the issuance and financial management of the debt portfolio of the City of Berkeley and any other entity for which the City Council acts as legislative body, and the term "City" shall refer to each of such entities. The policy confirms the commitment of the City Council, management, staff and other decision makers to adhere to sound financial management practices, including full and timely repayment of borrowings, achieving the lowest possible cost of capital within prudent risk parameters.

Revisions to the Debt Management and Disclosure Policy:

1. Recommendation:

Section VII. DEBT CAPACITY

Current Language: "The City is subject to debt capacity limit for its general obligation bonds: 15% of assessed value".

Revised Language: The City is subject to debt capacity limit for its general obligation bonds: 6% of assessed value".

The City developed a more locally appropriate debt limit with the guidance of GFOA who conducted a debt capacity study, rather than rely on the statutory limit of 15% (which is set without regard to local context).

BACKGROUND

Senate Bill 1029 (“SB 1029”), which was signed by the California Governor on September 12, 2016, requires California public agencies that issue debt to adopt debt management policies that meet certain criteria.

Securities and Exchange Commission (the “SEC”) recommends that issuers of municipal securities adopt policies and procedures to govern compliance and implement training with respect to their initial disclosure and continuing disclosure undertakings.

In response to SB 1029 and the SEC’s recommendations, and in order to adhere to sound financial management practices, the City of Berkeley, the Berkeley Joint Powers Financing Authority and the Successor Agency for the former Berkeley Redevelopment Agency find it desirable to adopt and maintain a debt management and disclosure policy.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The Debt Management and Disclosure Policy provides an opportunity to make environmentally responsible Debt Management goals.

RATIONALE FOR RECOMMENDATION

State law.

ALTERNATIVE ACTIONS CONSIDERED

None

CONTACT PERSON

Henry Oyekanmi, Director, Finance, 981-7326

Attachments:

1: Resolution

Exhibit A: Debt Management and Disclosure Policy

RESOLUTION NO. ##,###-N.S.

ADOPTING REVISIONS TO THE DEBT MANAGEMENT AND DISCLOSURE POLICY

WHEREAS, pursuant to Senate Bill 1029 (“SB 1029”), which was signed by the California Governor on September 12, 2016, requires California public agencies that issue debt to adopt debt management policies that meet certain criteria; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) recommends that issuers of municipal securities adopt policies and procedures to govern compliance and implement training with respect to their initial disclosure and continuing disclosure undertakings; and

WHEREAS, in response to SB 1029 and the SEC’s recommendations and in order to adhere to sound financial management practices, the City of Berkeley, the Berkeley Joint Powers Financing Authority and the Successor Agency for the former Berkeley Redevelopment Agency find it desirable to adopt and maintain a debt management and disclosure policy; and

WHEREAS, the Director of Finance has recommended revisions to the debt management and disclosure policy (the “Policy”).

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley shall adopt a resolution affirming the revisions made to the debt management and disclosure policy.