

RESOLUTION NO. 12/2017

A RESOLUTION OF THE TOWN COUNCIL OF
THE TOWN OF CORTE MADERA ADOPTING A
DEBT MANAGEMENT POLICY EFFECTIVE JANUARY 1, 2017

RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF CORTE MADERA, as follows:

WHEREAS, the Town Council of the Town of Corte Madera desires to comply with Government Code Section 8855(i), effective on January 1, 2017, and

NOW, THEREFORE, BE IT RESOLVED that the Town Council of the Town of Corte Madera hereby adopts the following Debt Management Policy effective January 1, 2017.

This Debt Management Policy (the “Debt Policy”) of the Town of Corte Madera (the “Town”) may be amended by the Town Council as it deems appropriate from time to time in the prudent management of the debt and capital financing needs of the Town.

1. Findings

This Debt Policy is intended to comply with Government Code Section 8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the Town.

The Town hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the Town’s sound financial position.
- Ensure the Town has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the Town’s credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the Town.
- Ensure that the Town’s debt is consistent with the Town’s planning goals and objectives and capital improvement program and/or budget, as applicable.

2. Policies

A. Purposes For Which Debt May Be Issued

(i) Long-Term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the Town.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the Town and its taxpayers and/or ratepayers, as applicable.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The Town may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Town Council.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed 120% of the average reasonably expected economic life of the project to be financed.
- The Town estimates that sufficient revenues will be available to service the debt through its maturity.
- The Town determines that the issuance of the debt will comply with the applicable state and federal law.

(ii) Short-term debt. Short-term debt may be issued to provide financing for the Town's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Town may undertake lease-purchase financing for equipment.

(iii) Financings on Behalf of Other Entities. The Town may also find it beneficial to issue debt on behalf of other governmental agencies in order to further the public purposes of Town. In such cases, the Town shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

B. Types of Debt

The following types of debt are allowable under this Debt Policy:

- General obligation bonds (GO Bonds)
- Bond or grant anticipation notes (BANs)
- Lease revenue bonds, certificates of participation (COPs) and lease-purchase transactions
- Other revenue bonds and COPs
- Tax and revenue anticipation notes (TRANS)
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Tax increment financing to the extent permitted under State law

Debt shall be issued as fixed rate debt unless the Town makes a specific determination as to why a variable rate issue would be beneficial to the Town in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The Town is committed to long-term capital planning. The Town could issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Town's capital budget and the capital improvement plan.

The Town shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The Town shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear.

The Town shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the Town's public purposes.

The Town shall seek to avoid the use of debt to fund infrastructure and facilities improvements in circumstances when the sole purpose of such debt financing is to reduce annual budgetary expenditures.

The Town shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Planning Goals and Objectives

The Town is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The Town would issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the Town's annual operations budget.

It is a policy goal of the Town to protect taxpayers, ratepayers (if applicable) and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The Town will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the Town to realize, whenever possible, and subject to any overriding non-financial policy considerations, (i) minimum net present value debt service savings equal to or greater than 3.0% of the refunded principal amount, and (ii) present value debt service savings equal to or greater than 100% of any escrow fund negative arbitrage.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the Town shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the Town will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings entered into by the Town in accordance with SEC Rule 15c2-12.
- Any federal tax compliance requirements, including, without limitation, arbitrage and rebate compliance.
- The Town's investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the Town upon the submission of one or more written requisitions by the Town Treasurer (or his or her written designee), or (b) by the Town, to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the Town.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 12/2017 duly passed and adopted by the Town Council of the Town of Corte Madera, at a meeting thereof duly held on the 21st day of February, 2017, by the following vote:

AYES, and in favor thereof, Councilmembers: Andrews, Bailey, Condon, Furst, Ravasio

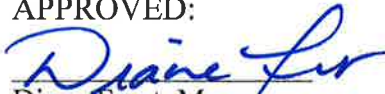
NOES, Councilmembers: - None -

ABSENT, Councilmembers: - None -



Rebecca Vaughn, Town Clerk

APPROVED:



Diane Furst, Mayor