

**REPORT TO THE CITY COUNCIL,
PUBLIC FINANCING AUTHORITY, AND SUCCESSOR AGENCY**



DATE: February 21, 2017

TITLE: *(City of Desert Hot Springs / Desert Hot Springs Public Financing Authority / Successor Agency)*
Resolutions Approving and Adopting a Debt Management Policy

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RECOMMENDATION

- 1) Adopt a Resolution of the *City Council* of the City of Desert Hot Springs adopting a Debt Management Policy;**
- 2) Adopt a Resolution of the *Desert Hot Springs Public Financing Authority* adopting a Debt Management Policy; and**
- 3) Adopt a Resolution of the *Successor Agency* to the Redevelopment Agency of the City of Desert Hot Springs 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 the City of Desert Hot Springs, the Desert Hot Springs Financing Authority, and the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (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.

The contemplated debt management policy meets all of these requirements.

STAFF RECOMMENDATION

Staff recommends that the City Council (sitting as the City Council of the City, as well as the governing body of each of the Financing Authority and the Successor Agency, respectively) take the following actions:

- 1) Adopt a Resolution of the *City Council* of the City of Desert Hot Springs Adopting a Debt Management Policy;
- 2) Adopt a Resolution of the *Desert Hot Springs Financing Authority* Adopting a Debt Management Policy; and
- 3) Adopt a Resolution of the *Successor Agency* to the Redevelopment Agency of the City of Desert Hot Springs, Adopting a Debt Management Policy.

FISCAL IMPACT

There is no fiscal impact as a result of this action.

EXHIBIT(S)

- 1) City Council Resolution Adopting a Debt Management Policy
- 2) Desert Hot Springs Financing Authority Resolution Adopting a Debt Management Policy
- 3) Successor Agency Resolution Adopting a Debt Management Policy
- 4) Debt Management Policy