ORIGINAL

RESOLUTION NO. 75

A RESOLUTION OF THE CITY OF WOODINVILLE, WASHINGTON, ESTABLISHING DEBT MANAGEMENT POLICIES

WHEREAS, the City Council finds it in the best interest of the citizens to establish policies to ensure sound debt management; and,

WHEREAS, the City Council will regularly review existing debt policies and establish additional policies to promote sound debt responsibility and the efficient debt management of City funds; and,

WHEREAS, the Finance Committee has reviewed the proposed Debt Policies and supports the adoption of them as written, NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF WOODINVILLE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Council hereby adopts the Debt Policies (attached as Exhibit A).

Section 2. The Debt Policies hereto attached shall become part of the Financial Management Policies.

ADOPTED BY THE CITY COUNCIL AND SIGNED INTO AUTHENTICATION OF ITS PASSAGE THIS 7th DAY OF JUNE, 1994.

Lucy DeYoung

Lucy DeYoung, Mayor

ATTEST:

James K. Katica

James K. Katica
City Clerk/Treasurer

C. DEBT MANAGEMENT POLICIES

The amount of debt issued by the City is an important factor in measuring its financial condition and operating performance. Proper use and management of borrowing can yield significant advantages. From a policy perspective, the City of Woodinville views debt as a means to distribute improvement costs amongst both present and future citizens, over a period of time not to exceed the expected life of the improvements; and

As a means to address the cash flow impacts of substantial public improvements.

To further the directives set forth above, the City Council hereby adopts the following policies:

1. City Council approval is required prior to the issuance of debt.

2. An analytical review shall be conducted prior to the issuance of debt.

3. The City will use the services of a bond counsel in the preparation of all bond representations.

4. The City of Woodinville will not use long-term debt to support current operations.

5. Long-term borrowing will only be used for capital improvements that cannot be financed from current revenues.

6. Short-term borrowing will only be used to facilitate generated revenue not yet received by the City.

7. Noncapital furnishings, supplies, and personnel will not be financed from bond proceeds.

8. The City will use refunding bonds when appropriate to restructure its current outstanding debt.

9. Interest, operating, and/or maintenance expenses will be capitalized only for facilities of enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.

10. The City will strive to achieve an A1 bond rating.

11. Assessment bonds will be issued in place of general obligation bonds, when possible, to assure the greatest degree of public equity.

12. Under most circumstances, the maturity of all assessment bonds shall not exceed 15 years.

13. Revenue bonds shall be issued only when projected operating revenues are insufficient to meet the enterprise's financing needs.

14. Each enterprise fund will maintain an adequate rate structure to cover the full cost of its operations including: maintenance, depreciation, capital and debt service requirements.

15. The City will insure that net operating revenues constitute a minimum of 1.25 times the annual debt service requirements.

16. The City will limit the maturities of all revenue bond issues to 25 years or less.

17. General Obligation bonds will be issued with maturities of 20 years or less.

18. The voter approved general obligation debt of Woodinville will not exceed an aggregated total of 7.5% of the assessed valuation of the taxable property within the City.

19. The following individual percentages of assessed valuation shall not be exceeded in any specific debt category:

    1) General Purpose - 2.5%
    2) Utility Debt - 5%
    3) Open Space and Park Facilities - 5%

    The total indebtedness shall not exceed 7.5% of the assessed value of the City.

20. Limited-tax general obligation bonds (councilmanic authority) will not exceed one and one-half percent of the City's current assessed property valuation.

21. All accepted alternative methods of financing shall be considered prior to the issuance of limited-tax general obligation bonds.