Legislation Details (With Text)

File #:	Res. 2017-104	**Version:**	1	**Name:**	
Type:	Resolution			**Status:**	Passed
File created:	8/31/2017			**In control:**	City Council
On agenda:	11/14/2017			**Final action:**	11/14/2017
Title:	Consider Resolution Approving a "Debt Policy" as a "Financial Policy" for the City of Northfield, Minnesota.				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	1. 1 - Nov 2017 General Debt Policy Resolution				

Date	Ver.	Action By	Action	Result
11/14/2017	1	City Council	approve	Pass

City Council Meeting Date: November 14, 2017

To: Mayor and City Council

From: Brenda Angelstad, Finance Director
Ben Martig, City Administrator

Consider Resolution Approving a "Debt Policy" as a "Financial Policy" for the City of Northfield, Minnesota.

Action Requested:
The Northfield City Council considers the attached Resolution Approving a "Debt Policy" as a "Financial Policy" for the City of Northfield.

Summary Report:
Attached is a recommended Debt Policy to be included in the series of financial policies adopted by the City. The purpose of this debt policy is to direct long-term debt to ensure the ongoing financial health and stability of the city. The policy is a culmination of examples of other cities and specific customization for Northfield following the opportunity for input by our City Auditor, Bond Counsel and several of our financial consultants. The Council Finance Policy Subcommittee had worked on this with prior Finance Director Lammers and continued on the policy development with current Finance Director Angelstad. The Council Finance Policy Subcommittee recommended the policy to bring forward to Council on October 24th.

Most of the language is fairly commonly accepted processes and languages. Some items of particular note include the following:
  A. Item ID. This policy does not apply to conduit revenue bonds, tax increment pay-as you go or interfund loan financing.
  B. Item IIC. Is consistent with the Minnesota Statutory Limit.
  C. Item IIE. Provides clarification of interfund loan guidelines which otherwise would be handled on a case by case basis without specific policy language.

D. Item IVB. Generally, a bond rating agency is beneficial in obtaining the best rates for financing. However, there can be cases when the cost of obtaining a rating exceeds the benefit for a non-general obligation financing or even for a small general obligation financing.

E. Item IVE. Explicitly indicates a willingness of the city to provide conduit debt financing that can be of financial assistance to projects that may meet goals of the community at no added cost to the city, provided the City's debt is prioritized first related to availability of bank qualified status. This is a common practice of cities.

F. Item VA. Related to the proposed debt limit, provides Northfield an extra point in an S&P bond rating by having this included. Northfield is currently at 87% compared to the 65% goal.

According to our most current bond rating company Standard & Poor's Financial Management Assessment, the rigor of a government's financial management practices is an important consideration of creditworthiness. Managerial decisions, policies, and practices apply directly to the government's financial position and operations, debt burden, and other key credit factors. Debt management policies in particular is identified as one of seven areas most likely to affect credit quality and will benefit our future bond rating reviews.

Staff has included this in consent as a result of substantial council committee reviews and overall administrative function of the item.

Alternative Options:
Remove from consent agenda for further questions, comments or concerns.

Financial Impacts:
The debt policy will provide the City with added recognition which could help improve bond rating, particularly through S&P based upon their Assessment Guidelines.

Tentative Timelines:
The action would be effective upon approval.