

City of New Berlin General Financial Policy	TITLE: Debt Policy
AUTHORIZATION DATE: 3/11/08	LAST UPDATE: 5/15/13, 10/13/15, 1/8/19
POLICY SOURCE: Finance Committee	SCOPE: City-wide
Reviewed by City Attorney, n/a	Board/Commission Approval: Finance Committee: 07/15/15, 11/8/18 Common Council: 10/13/15, 1/8/19

General

The City believes that debt is an equitable means of financing projects and represents an important means of meeting fiscal responsibilities.

Policy

1. The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
2. When the City finances capital projects by issuing bonds or notes, it will pay back the bonds and notes within a period not to exceed the expected useful life of the project.
3. The City will keep the maturity of General Obligation bonds at or below 20 years, and Promissory Notes at or below 10 years.
4. The City will structure its debt borrowing issues to maintain stable debt service payments, as required by State Statutes.
5. General obligation debt will not exceed 5 percent of the equalized value of all property in the City and debt repayment schedules will not exceed 20 years in length.
6. The City shall not use long-term debt for current operations.
7. The City will maintain good communications about its financial condition with credit rating agencies.
8. The City will follow a policy of full disclosure on every financial report and bond prospectus.

9. Refinancing or bond refunding will only be undertaken when there is significant economic advantage to the City, and when it does not conflict with other fiscal or credit policies.
10. The City will issue its debt obligations through competitive sale unless it is determined by the City, and its Financial Advisor, that a competitive sale would not be expected to produce the best results for the City. If the City determines that bids received through a competitive sale are unsatisfactory, or in the event no bids are received, the City may enter into negotiation for sale of the obligations.
11. The City may consider negotiated sales of debt obligations in extraordinary circumstances when the complexity of the issue requires specialized expertise, when the negotiated sale would result in substantial savings in time or money, or when market conditions or City credit are unusually volatile or uncertain. If the City elects to negotiate the sale of a debt obligation, it will utilize a Financial Advisor with no interests in the underwriting of the transaction to represent it.
12. The Director of Finance will establish and maintain a system of record keeping and reporting to meet arbitrage rebate compliance requirements of the federal tax code. This effort will include tracking investment earnings on proceeds of debt obligations, calculating rebate payments in compliance with tax law, and remitting any rebate earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the City's outstanding debt obligations. Additionally, general financial reporting and certification requirements embodied in bond covenants shall be monitored to ensure that all covenants are complied with. The City's Financial Advisor may assist in the execution of these tasks.
13. The levy target for debt service shall be not greater than 20% of the total levy, with an effort to maintain the levy at a proportionate, even level for tax rate stabilization.

This policy was reviewed and approved by the Finance Committee and Common Council and signed by Mayor David Ament on the 15th day of Jan, 20 19 as evidenced by his signature hereon. Three signed originals of this policy have been generated. One original is maintained in the City Clerk's office, the second original is maintained in the Finance Department, and the third original is maintained in the Mayor's Office. This policy may only be modified by the Finance Committee with Common Council approval.



David A. Ament, Mayor