



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Drew Corbett

SUBJECT: Comprehensive Annual
Debt Report for Fiscal Year
Ended June 30, 2024

DATE: November 18, 2024

Approved:

Date:

11/22/24

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Accept the Comprehensive Annual Debt Report for the City of San José for Fiscal Year 2023-2024.

SUMMARY AND OUTCOME

Acceptance of the Comprehensive Annual Debt Report (CADR) for Fiscal Year 2023-2024 will provide relevant information related to the debt portfolio of the City of San José and its related entities to the City Council, residents of San José, creditors, investors, and other interested parties. This document augments the disclosure practices described in the City Council Debt Management Policy¹, and is a starting point for those interested in finding out information on the outstanding debt of the City of San José and its related entities. See **Attachment** - FY 2023-2024 Comprehensive Annual Debt Report.

BACKGROUND

The City of San José (City) Finance Department oversees the issuance of debt and the management of outstanding debt issued by the City, the Successor Agency to the Redevelopment Agency, and other related entities. The Fiscal Year 2023-2024 CADR provides a detailed description of the debt issuance and management activities for the period of July 1, 2023 through June 30, 2024, and is divided into four key sections:

¹ City Council Debt Management Policy

<https://www.sanjoseca.gov/home/showpublisheddocument/96137/63816216645630000>

- An overview of the City's debt management program;
- A summary of recent debt issuance activities;
- A discussion of the key debt administration tasks; and
- A review of the outstanding debt portfolio.

ANALYSIS

The Fiscal Year 2023-2024 CADR provides a comprehensive review of the City's debt management portfolio activities.

The CADR discusses the activities undertaken and managed by Debt Management staff in the Finance Department. This annual report is prepared pursuant to Section II (B) of the City Council-adopted Debt Management Policy. Major sections of the report summarize recent debt issuance activities, discuss key debt administration tasks, review the outstanding debt portfolio, and describe projects anticipated in the next fiscal year.

In Fiscal Year 2023-2024, the Finance Department oversaw the issuance of \$137.2 million of debt consisting of \$40.0 million in City of San José Financing Authority Subordinate Wastewater Revenue Notes to finance capital improvements at the San José-Santa Clara Regional Wastewater Facility, \$0.3 million in City of San José Financing Authority Lease Revenue Taxable Commercial Paper Notes to fund Parks and Recreation Neighborhood Services flood recovery, \$17.7 million in City of San José Airport Subordinated Commercial Paper Notes, and \$79.2 million of conduit multifamily housing revenue notes.

The outstanding debt portfolio of 83 debt obligations totals \$4.4 billion, consisting of 79 series of bonds/notes, two commercial paper programs, one revolving line of credit facility for the San José-Santa Clara Regional Wastewater Facility, and one revolving credit facility for San José Clean Energy. Of the 79 series of bonds, 22 series are debt of the City, the Successor Agency to the Redevelopment Agency, or related entities while the remaining 57 series are multifamily housing revenue bonds or notes for which private developers are the obligors and the City is a conduit issuer.

The City's general credit profile continues to receive high ratings from major national rating agencies. Please see the **Table** on the following page for rating details regarding General Obligation Bonds, City of San José Financing Authority Lease Revenue Bonds, Airport Revenue Bonds, and Wastewater Revenue Bonds as of the reporting date.

	<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>	<u>KBRA</u>
CSJ General Obligation Bonds	Aa1	AA+	AAA	
CSJFA Lease Revenue Bonds ⁽¹⁾	Aa2	AA	AA	
CSJFA Lease Revenue Bonds ⁽²⁾	Aa3	AA	AA-	
CSJFA Lease Revenue Bonds ⁽³⁾	Aa3	AA	AA	
Airport Revenue Bonds	A2	A	A	
Wastewater Revenue Bonds ⁽⁴⁾		AAA	AAA	AAA

(1) Series 2013B (Civic Center Garage), 2020A (Civic Center Refunding), 20201A (Fire Department Training Center and Central Service Yard projects)

(2) Series 2020B (Ice Centre Project)

(3) Series 2022A (Convention Center Refunding Project)

(4) Series 2022B issued by CSJFA (Green Bonds – Climate Bond Certified)

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the December 10, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Drew Corbett

Acting Director of Finance

For questions, please contact Qianyu Sun, Deputy Director of Finance, Debt & Treasury Management, at qianyu.sun@sanjoseca.gov or (408) 535-7832.

ATTACHMENT - FY 2023-2024 Comprehensive Annual Debt Report