



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

SUBJECT: COMPREHENSIVE ANNUAL
DEBT REPORT FOR FISCAL
YEAR ENDED JUNE 30, 2021

FROM: Julia H. Cooper

DATE: November 19, 2021

Approved

Date

11/19/21

RECOMMENDATION

Accept the Comprehensive Annual Debt Report for the City of San José for Fiscal Year 2020-2021.

OUTCOME

Acceptance of the Fiscal Year 2020-2021 Comprehensive Annual Debt Report (“CADR”) will provide relevant information related to the debt portfolio of the City and its related entities to the City Council, residents of San José, creditors, investors, and other interested parties. This document serves to augment the disclosure practices described in the City’s Debt Management Policy, help meet the Strategic Support City Service Area Strategic Goal: “Customers have the financial information they need to make informed decisions” and for those who are interested in finding out information about the outstanding debt of the City and its related entities.

BACKGROUND

The City’s 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 2020-2021 CADR provides a detailed description of the debt issuance and management activities for the period of July 1, 2020 through June 30, 2021, and is divided into four key sections:

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

ANALYSIS

The Fiscal Year 2020-2021 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 within the Debt & Treasury Management Division 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 activity, discuss key debt administration tasks, review the outstanding debt portfolio, and describe projects anticipated in the next fiscal year.

In Fiscal Year 2020-2021, the Finance Department oversaw the issuance of \$1.3 billion of debt consisting of \$130 million in Tax Revenue Anticipation Notes, \$428.1 million of Airport Revenue Refunding Bonds, \$355.6 million in Lease Revenue Bonds (new issuance and refunding for Civic Center), \$146.5 million in Lease Revenue Bonds (Ice Centre Expansion Project), \$15.9 million Lease Revenue Commercial Paper Notes, \$43.4 million in subordinate wastewater revenue notes to finance capital improvements at the San José-Santa Clara Regional Wastewater Facility, and \$193.4 million of conduit multi-family housing revenue obligations.

The outstanding debt portfolio is over \$4.6 billion, consisting of 75 different debt obligations, consisting of 71 series of bonds, two commercial paper programs, one revolving line of credit facility for San José-Santa Clara Regional Wastewater Facility and one revolving credit facility for San Jose Clean Energy. Of the 71 series of bonds, 25 series are debt of the City, the Successor Agency, or related entities while the remaining 46 series are multifamily housing revenue bonds for which a private developer is the obligor, and the City is a conduit issuer.

The City continues to receive high general credit ratings from all three national rating agencies. Based on the rating reviews through November 2021, the City's current issuer ratings are Aa1, AA+ and AA+ by Moody's Investors Services Inc., Standard & Poor's Global Ratings, and Fitch Ratings, respectively.

CONCLUSION

Acceptance of the Fiscal Year 2021-2021 Comprehensive Annual Debt Report provides relevant information related to the debt portfolio of the City and its related entities to the City Council, residents of San José, creditors, investors, and other interested parties.

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Page 3

EVALUATION AND FOLLOW-UP

Staff from the Finance Department will be available to answer questions regarding the Fiscal Year 2020-2021 CADR at the City Council meeting on December 7, 2021.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum along with the CADR will be posted on the City's website for the December 7, 2021 Council meeting.

COORDINATION

The CADR was prepared by the Finance Department in coordination with the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

JULIA H. COOPER
Director of Finance

For questions, please contact Nikolai J. Sklaroff, Deputy Director of Finance, Debt & Treasury Management Division, (408) 535-7832.

Attachment – FY 2020-2021 Comprehensive Annual Debt Report