



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: COMPREHENSIVE ANNUAL
DEBT REPORT FOR FISCAL
YEAR ENDED JUNE 30, 2017

DATE: December 1, 2017

Approved D. OSY Date 12/1/17

RECOMMENDATION

Accept the Comprehensive Annual Debt Report for the City of San José for Fiscal Year 2016-2017.

OUTCOME

Acceptance of the Fiscal Year 2016-2017 Comprehensive Annual Debt Report ("CADR") will provide relevant financial information related to the City's debt portfolio 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, and to help meet the Strategic Support City Service Area Strategic Goal: "Customers have the financial information they need to make informed decisions".

BACKGROUND

The Fiscal Year 2016-2017 CADR provides a detailed description of the City's debt issuance and management activities for the period of July 1, 2016 through June 30, 2017, 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 City's outstanding debt portfolio.

ANALYSIS

The Fiscal Year 2016-2017 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 Treasury Division of 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 City's outstanding debt portfolio; and describe projects anticipated in the next fiscal year.

In Fiscal Year 2016-2017, the Finance Department oversaw the issuance of \$793 million of new debt consisting of a \$100 million tax and revenue anticipation note, \$624.3 million of Airport Revenue Refunding Bonds, \$9.0 million Lease Revenue Commercial Paper Notes and \$59.7 million of conduit multi-family housing revenue obligations. The outstanding debt portfolio is over \$4.6 billion, consisting of 111 series of bonds (including 48 series of multifamily housing revenue bonds), two commercial paper programs, four loans, and one lease-purchase agreement for the City, the Successor Agency to the Redevelopment Agency ("SARA"), and other related entities.

The City continues to receive high general credit ratings from all three national rating agencies. Based on the rating reviews through November 2017, the City's current general obligation bond rating is Aa1/AA+/AA+ by Moody's Investors Services Inc., Standard & Poor's Ratings Services, and Fitch Ratings, respectively.

EVALUATION AND FOLLOW-UP

The Finance Department prepares this report for review and approval by the Mayor and City Council.

PUBLIC OUTREACH

This memorandum will be posted on the City's website. The report will be posted on or about December 1, 2017.

COORDINATION

The Finance Department has coordinated this memorandum with the City Attorney's Office. The CADR was prepared by the Finance Department in coordination with the City Attorney's Office, Department of Public Works, Housing Department, and the Airport Department.

HONORABLE MAYOR AND CITY COUNCIL

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COMMISSION RECOMMENDATION/INPUT

This item does not require any input from a board or commission

CEQA

Not a Project, File No. PP17-010, City Organizational & Administrative Activities resulting in no changes to the physical environment.

/s/

JULIA H. COOPER

Director of Finance

For questions, please contact Julia H. Cooper, Director of Finance, at (408) 535-7011.

Web Link:

FY 2016-2017 Comprehensive Annual Debt Report for the City of San José

Web Link: <http://www.sanjoseca.gov/index.aspx?NID=759>