



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: COMPREHENSIVE ANNUAL
DEBT REPORT FOR FISCAL
YEAR ENDED JUNE 30, 2018

DATE: November 26, 2018

Approved

Date

11/29/18

RECOMMENDATION

Accept the Comprehensive Annual Debt Report for the City of San José for Fiscal Year 2017-2018 and place on the December 11, 2018 City Council agenda for a presentation and acceptance of the report.

OUTCOME

Acceptance of the Fiscal Year 2017-2018 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 2017-2018 CADR provides a detailed description of the City’s debt issuance and management activities for the period of July 1, 2017 through June 30, 2018, 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 2017-2018 CADR provides a comprehensive review of the City's debt management portfolio activities (web link provided below).

The CADR discusses the activities undertaken and managed by Debt Management staff within the Debt Management Program 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; key debt administration tasks; review the City's outstanding debt portfolio; and projects anticipated in the next fiscal year.

In Fiscal Year 2017-2018, the Finance Department oversaw the issuance of \$2.17 billion of debt consisting of a \$150 million tax and revenue anticipation note, \$1.68 billion of the Successor Agency to the Redevelopment Agency of the City of San José (the "Successor Agency") Refunding Bonds, \$300 million in subordinate wastewater revenue notes to finance capital improvements at the San José-Santa Clara Regional Wastewater facility, \$27.6 million Lease Revenue Commercial Paper Notes and \$16.2 million of conduit multi-family housing revenue obligations. The outstanding debt portfolio is over \$4.4 billion, consisting of 86 series of bonds (including 50 series of multifamily housing revenue bonds for which a private developer is the obligor and the City is a conduit issuer), three commercial paper programs, three 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 2018, 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.

Staff from the Finance Department will be available to answer questions regarding the Fiscal Year 2017-2018 CADR at the City Council meeting on December 11, 2018.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the December 11, 2018 Council Agenda.

HONORABLE MAYOR AND CITY COUNCIL

November 26, 2018

Subject: Comprehensive Annual Debt Report for Fiscal Year Ended June 30, 2018

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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.

CEQA

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

/s/

JULIA H. COOPER

Director of Finance

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

Web Link:

FY 2017-2018 Comprehensive Annual Debt Report for the City of San José

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