



COUNCIL AGENDA: 12/10/2019

ITEM: 3.9

FILE NO: 19-1162

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Toni J. Taber, CMC
City Clerk

SUBJECT: SEE BELOW

DATE: December 10, 2019

SUBJECT: Comprehensive Annual Debt Report for Fiscal Year Ended June 30, 2019.

RECOMMENDATION:

As recommended by the Public Safety, Finance and Strategic Support Committee on November 21, 2019, accept the Comprehensive Annual Debt Report for the City of San José for Fiscal Year ended June 30, 2019.

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

[Public Safety, Finance and Strategic Support Committee referral 11/21/19 - Item (d)5]



Memorandum

TO: PUBLIC SAFETY, FINANCE AND STRATEGIC SUPPORT COMMITTEE
FROM: Julia H. Cooper
SUBJECT: COMPREHENSIVE ANNUAL DEBT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019
DATE: November 14, 2019

Approved  Date 11-14-19

RECOMMENDATION

Accept the Comprehensive Annual Debt Report for the City of San José for Fiscal Year 2018-2019 and place on the December 10, 2019 City Council agenda for a presentation and acceptance of the report.

OUTCOME

Acceptance of the Fiscal Year 2018-2019 Comprehensive Annual Debt Report ("CADR") will provide relevant financial information related to the City's debt portfolio to the Public Safety Finance & Strategic Support Committee ("PSFSS"), City Council, residents of San José, creditors, 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 2018-2019 CADR provides a detailed description of the City's debt issuance and management activities for the period of July 1, 2018 through June 30, 2019, 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 CADR provides a comprehensive review of the City's debt management portfolio activities. To make the information contained in the CADR available to the public, it will be posted on the City's website.

The CADR discusses the activities undertaken and managed by Debt Management staff 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 2018-2019, the Finance Department oversaw the issuance of approximately \$640 million in debt obligations. This includes a \$150 million tax and revenue anticipation note, \$71 million in subordinate wastewater revenue notes to finance capital improvements at the San José-Santa Clara Regional Wastewater Facility, \$46 million Lease Revenue Commercial Paper Notes, \$55 million Airport Commercial Paper Notes and \$318 million of conduit multi-family housing revenue obligations.

The City continues to receive high general credit ratings from all three national rating agencies. Based on the rating reviews through November 2019, 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.

CONCLUSION

To provide an overview of the Fiscal Year 2018-2019 Comprehensive Annual Debt Report ("CADR") to the PSFSS Committee and City Council. The CADR provides relevant financial information to the City Council, residents of San José, creditors, and other interested parties.

EVALUATION AND FOLLOW-UP

There is no evaluation or follow-up needed.

CLIMATE SMART SAN JOSE

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

PUBLIC OUTREACH

This memorandum and the CADR will be posted on the City's website for the November 21, 2019, PSFSS Committee meeting and the December 10, 2019, City Council meeting.

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, Public Works Department, and the Airport Department.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a project, File No.PP10-069 (a), City Organizational & Administrative Activities.

/s/

JULIA H. COOPER

Director of Finance

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

Attachment