

1st Reading 3/26/2024
2nd Reading 3/26/2024

BILL NO. 23-89

ORDINANCE NO. 5442

AN ORDINANCE ADOPTING A DEBT MANAGEMENT POLICY OF THE
CITY OF CRESTWOOD, MISSOURI TO ESTABLISH DEBT ISSUANCE
CRITERIA AND ENSURE DEBT OBLIGATIONS ARE MAINTAINED

WHEREAS, the City of Crestwood's (the "City") financial advisor recommended the adoption of a debt management policy to act as written guidelines and restrictions to guide the City's debt issuance practices and ensure the City maintains a sound financial position; and

WHEREAS, the City Administrator has proposed the adoption of a debt management policy within the City; and

WHEREAS, the Board of Aldermen finds that it would be in the best interests of the City to adopt a debt management policy.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF CRESTWOOD, MISSOURI, AS FOLLOWS:

SECTION 1: The debt collection policy is hereby adopted, as attached hereto as Exhibit A.

SECTION 2: This Ordinance shall be in full force and effect from and after its passage by the Board of Aldermen and its approval by the Mayor.

PASSED AND SIGNED this 26th day of March, 2024.

Mayor 

ATTEST:

City Clerk 

APPROVED this 26th day of March, 2024.

Mayor 

EXHIBIT A

CITY OF CRESTWOOD, MISSOURI

DEBT MANAGEMENT POLICY

1: PURPOSE

This debt policy was established to provide a guideline for the criteria for the issuance of debt and to ensure that debt obligations are maintained. The intent of the Board of Aldermen is that the City shall manage its long-term debt in a manner designed to utilize its credit to optimize City services while balancing overall debt levels and annual debt service obligations. The City recognizes that prudent use of its credit can both facilitate construction of essential capital improvements and serve as a method for sharing the costs of those improvements between current and future beneficiaries.

2: BORROWING PURPOSES

The City will not fund current operations from the proceeds of borrowed funds, except for short term cash flow borrowing such as Tax Anticipation Notes.

The City will confine long-term borrowing to capital improvements, projects, or equipment which cannot be funded from current revenues.

The City will not fund economic development projects through an annual appropriation pledge of the City.

3: DEBT LIMITATIONS

The City will keep outstanding debt within the limits prescribed by the Missouri Constitution, state laws and the City's Charter and at levels consistent with its creditworthiness objectives.

4: MATURITY GUIDELINES

Long-term debt will be structured within the limits prescribed by the Missouri Constitution, state laws and the City's Charter and in a manner so that the life of the debt does not exceed the expected useful life of the asset being funded by the debt.

5: DEBT STRUCTURE

The City's preference is for the total combined payments for debt of a particular type to be relatively level from one fiscal year to another. The City plans to avoid any repayment structure which is primarily dependent upon assessed valuation growth in excess of the average growth achieved in the preceding 10 years. The City will balance the need to maintain a relatively level payment structure with the need to maintain tax levies in accordance with information disseminated to citizens.

6: CREDIT WORTHINESS

The City will evaluate the costs and benefits of obtaining an issuer credit rating for every new issuance of debt for capital purposes. The City will seek to maintain, and if possible, improve its current credit rating so its borrowing costs are minimized and its access to credit is preserved and enhanced.

7: CREDIT ENHANCEMENTS

Credit enhancement (letters of credit, bond insurance, sureties etc.) may be used, but only in cases where the net debt service payments on the debt secured thereby will be reduced by more than the costs of the credit enhancement.

8: DEBT ADMINISTRATION AND PROCESS

Whenever feasible, bond proceeds should include sufficient funds to cover all costs and fees related to the issuance of bonds.

Compensation for bond counsel, municipal advisors, underwriter's counsel, and other financial related services will be as low as possible, given desired qualification levels, and consistent with industry standards.

The City will follow recommendations outlined by the government finance officers association when determining the method of sale for pricing bonds.

The City will retain nationally recognized bond counsel for all debt issues. All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all state constitutional, statutory and Charter requirements necessary for issuance, and determining the debt's federal and state income tax status. Bond counsel will be required to have comprehensive municipal debt experience in the State of Missouri.

9: REFUNDINGS

Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered if and when there is a net economic benefit of the refunding, or the refunding is essential in order to modernize covenants essential to operations and management of City facilities. In general, advance refundings for economic savings will be undertaken when a net present value savings of at least four percent (4%) of the refunded debt can be achieved. Current refundings that produce a net present value savings of less than two percent (2%) will be considered on a case-by-case basis. Refundings with negative savings will not be considered unless there is a compelling public policy objective.

10: MANAGEMENT OF DEBT

The City's debt information is part of the Annual Comprehensive Financial Report (ACFR). Annual debt service requirements are budgeted as part of the Capital Improvement Program and/or the annual budget approval process. Bond ratings received by rating agencies are published and available for public review.

Bond proceeds of debt issues shall be invested in accordance with Federal and State laws and the City's Investment Policy. Unless otherwise justified and deemed necessary the City shall utilize State and Local Government Series (SLGS) for the refunding escrow. SLGS are special series of U.S. Treasury securities.

The City is required to provide certain information to investors periodically and financial information annually. This information is filed through the Electronic Municipal Market Access system (EMMA), provided by the Municipal Securities Rulemaking Board (MSRB).

It is the City's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the law. Rebate computations should be performed no less often than every five years, until the bond proceeds are fully expended. The City shall report to the IRS as required and shall make rebate payments as required by Federal law.

11: CONDUIT FINANCING

Recognizing that the City is able to issue debt for broad purposes, it may be appropriate to issue on behalf of another party when the Board of Aldermen after a complete review process, determines that the proposed project will provide a general benefit to City residents.

The City will consider issuing conduit financing which will not impair the City's credit rating. Any financing issued through the City shall qualify for an investment grade rating by one or both of the two top rating agencies.

All expenses related to conduit financing will be borne by the applicants. The City shall establish review procedures for projects, including public contracting and financial fees.