



AGENDA MEMORANDUM

Action Item for the City Council Meeting of May 05, 2026

DATE: May 05, 2026

TO: Peter Zanoni, City Manager

THRU : Michael Rodriguez, Deputy City Manager

FROM: Sergio Villasana, Director of Finance & Procurement
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Amendment to City's Debt Management Policy for FY 2026.

CAPTION:

Resolution amending the Debt Management Policy adopted by Resolution 029321 on December 13, 2011.

SUMMARY:

The Debt Management Policy establishes guidance for evaluating, issuing, and managing debt obligations. This policy helps ensure adherence to laws, regulations, tax rules, and disclosure requirements while strengthening decision-making and supporting both long-term financial planning and capital improvement planning. The City's Debt Management Policy was reviewed by the City's Bond Counsel, Financial Advisor, and the Director of Finance & Procurement. Several amendments to the policy are recommended.

BACKGROUND AND FINDINGS:

On December 11, 2007, the City Council approved the "Debt Management Policy," developed by city staff in collaboration with the financial advisor and bond counsel. The policy was last reaffirmed on December 13, 2011. The policy's goal is to guide the issuance, management, ongoing review, and reporting of all city debt obligations. The current policy aligns with the Government Finance Officers Association's best practices for debt management.

Staff is recommending the following amendments:

- **Multiple Sections:** The title “Director of Financial Services” is updated to “Director of Finance & Procurement.” Sections updated include: 1.1, 3.2, 3.3, 3.4(e), 3.9, 4.1, 4.2, 4.4, 6.3(d, e, f, g(1), and h), 15.3, and 15.5.10.
- **Section 1.2:** Complies is changed to Complying.
- **Section 2.2:** Now includes Special Assessments and Tax Increment Revenue.
- **Section 3.5:** Capital Budget Officer is updated to Director of Management and Budget
- **Section 4.2:** Assistant City Manager for Administrative Services is updated to Deputy City Manager or Assistant City Manager. Financial Services is updated to the Finance Department.
- **Section 4.4:** Assistant City Manager for Administrative Services is updated to Deputy City Manager or Assistant City Manager. HUB requirements are removed.
- **Section 4.6:** Names of rating agencies are removed.
- **Section 4.7:** Wording is revised from “the three largest” to “selected.” The Comprehensive Annual Financial Report (CAFR) is updated to Annual Comprehensive Financial Report (ACFR). The link to the City’s website is also updated.
- **Section 5.1:** The word “current” is changed to “ordinary” and the phrase “one-time” is removed.
- **Section 6.3 (b):** In paragraph 3, the wording “are often” is changed to “may be.” In paragraph 4, the word eligible is added.
- **Section 6.3 (c):** The following statements are added. “State law does not require an election for the issuance of revenue bonds.” “Additionally, the City maintains an operational reserve.”
- **Section 6.3 (d):** The wording “to be loaned” is removed as well as detailed examples of Texas loan programs.
- **Section 6.3 (f):** The word “has” is changed to “may,” the word “capital” is added, and the phrase “to the City’s Utility System” is removed.
- **Section 6.6:** The names of the corporations are removed from paragraph 3.

- Section 7.1:** The phrase “allowable are” is updated to “bond allowable is generally.”
- Section 9.2.2.2:** Good faith deposits for negotiated sales are updated from 1% to 2%.
- Section 9.4:** “A sales of debt securities to a state agency through a statutorily established loan program is also a private placement” is added to this section.
- Section 10.3:** Is updated to include the Tax Cut and Jobs Act of 2017, which prevents the City’s ability to advance refund outstanding tax-exempt debt with tax-exempt refunding bonds.
- Section 14.3:** Is updated to include the option to use interest earnings on debt proceeds to service debt payments.
- Section 15 (various subsections):** “Build America Bonds (BABs)” is replaced with “Tax Credit Bonds.”

- Section 15.6.1:** A duplicate paragraph is removed, and the section was renumbered.
- Section 16:** “Capital Improvement Planning Guide” is replaced with the “Adopted Capital Budget” and “Financial Services” is replaced with “Finance Department.”
- Section 17.1.1:** The City’s website address is updated.

ALTERNATIVES:

An alternative would be to leave the financial budgetary policies as they currently are written.

FISCAL IMPACT:

There is no financial impact for this item.

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Debt Management Policy

Presentation