



*"...meeting community needs. ...enhancing quality of life."*

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TO: Chairman Plank and Members of the Finance Committee

FROM: Tony Saucerman, Finance Director <sup>Ts</sup>

RE: Action Item: Updated Debt Policy

DATE: August 13, 2014

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The Internal Revenue Service (IRS) recently completed an examination of the City's 2007A Water Revenue Refunding Bond issue. While the audit was completed successfully with no change to the non-taxable status of the bonds, the IRS did indicate that the City lacked complete written procedures to monitor post-issuance compliance with federal tax laws applicable to tax-exempt bond issues.

While there were no findings resulting from the audit in regards to post-issuance compliance, it was determined that the Debt Policy did not describe in enough detail the responsibilities and procedures being performed to ensure post-issuance compliance with federal tax laws.

Therefore, in response to the IRS suggestion, as well recommendations from the City's financial advisor and bond counsel, the Debt Policy has been updated and expanded to more clearly define the responsibilities and procedures surrounding post-issuance compliance. It is my hope to have the expanded policy approved prior to the settlement of the 2014 debt issuances on September 10, 2014.

Should you or any members of the Committee have questions on the revised policy, please feel free to contact me.