

RESOLUTION NO. 78-18

**A RESOLUTION OF THE COUNCIL OF THE CITY OF RICHMOND, CALIFORNIA,
ADOPTING THE DEBT POLICY AND SWAP POLICY FOR FISCAL YEAR 2018-19**

WHEREAS, the City of Richmond (the "City") is a charter city that operates under the Council-Manager form of government for the purposes of providing a full range of municipal services including police and fire protection; construction and maintenance of highways, streets and infrastructure; library services; storm water and municipal sewer systems; a wastewater treatment facility; and the administration of recreational activities and cultural events; and

WHEREAS, the City also operates the Richmond Memorial Convention Center and the Port of Richmond; and

WHEREAS, the City has established and maintains a well-managed debt program pursuant to a comprehensive debt policy that sets forth the parameters for issuing debt and managing the debt portfolio, including post-issuance compliance; and

WHEREAS, and in the credit rating process, the rating agencies believe it is appropriate to place significant value on debt policies that have been adopted by cities; and

WHEREAS, the City established a Debt Policy that requires annual commitments relating to the General Fund debt cannot exceed ten percent (10%) of annual General Fund revenues; and

WHEREAS, the City has established interest rate swap agreements that are recognized as financial tools by municipal issuers throughout the nation and the use of swap agreements has become a regular tool whereby the Government Finance Officers Association (GFOA) has adopted an official position, viewing swap policies as a governing use and management of such swaps as a "Recommended Practice"; and

WHEREAS, the City has established that the scope of interest rate swaps is beyond that of the traditional fixed rate long-term bonds covered by the Debt Policy and that it is important for the City to maintain a policy that will provide guidance in selecting, implementing, and administering all swaps related to City bond issues; and

WHEREAS, the City established a Swap Policy whereby Standard & Poor's (S&P) Rating Agency assigns a Debt Derivative Profile (DDP) in which the City has achieved a DDP score of "1.5" (low risk) on all of its swap transactions; and

WHEREAS, the City has determined that an appropriate level of the General Fund reserves is a policy decision; and

WHEREAS, the GFOA recommends that reserve levels be directly related to the degree of uncertainty the local government faces; and

WHEREAS, the adoption of the financial policies listed in this document is consistent with "best practices" and the City's fiduciary oversight of the Fiscal Policies of FY2018-19.

NOW, THEREFORE BE IT RESOLVED that the City Council hereby adopts the Debt Policy for the City of Richmond that is attached hereto as Exhibit A.

BE IT FURTHER RESOLVED that the City Council also adopts the Swap Policy for the City of Richmond that is attached hereto as Exhibit B.

I certify that the foregoing resolution was passed and adopted by the Council of the City of Richmond at a regular meeting thereof held October 2, 2018, by the following vote:

AYES: Councilmembers Choi, Martinez, Myrick, Recinos, Vice Mayor Willis, and Mayor Butt.
NOES: None.
ABSTENTIONS: None.
ABSENT: Councilmember Beckles.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)

Approved:

TOM BUTT
Mayor

Approved as to form:

BRUCE GOODMILLER
City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Resolution No. 78-18**, finally passed and adopted by the City Council of the City of Richmond at a regular meeting held on October 2, 2018.



Pamela Christian, Clerk of the City of Richmond