

W. 8.E.2.

Agenda Date: September 13, 2006
Memorandum Date: August 23, 2006

TO: Board of County Commissioners
DEPARTMENT: Management Services
PRESENTED BY: Kay Blackburn, Financial Service Manager
AGENDA ITEM TITLE: IN THE MATTER OF AMENDING CHAPTER 4 OF THE
LANE MANUAL TO ADD DEBT MANAGEMENT POLICIES
(LM 4.025-4.030)

I. MOTION

MOVE APPROVAL OF ORDER 06-9-13- AMENDING CHAPTER 4 OF THE
LANE MANUAL TO ADD DEBT MANAGEMENT POLICIES.

II. AGENDA ITEM SUMMARY

The Board is being asked to adopt policies for the management of County debt
and to delegate authority to the County Administrator to establish procedures in
support of those policies.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

Although the County issues and manages debt in a prudent manner, there are
currently no formal written policies or procedures relating to debt. The
Government Finance Officers Association recommends that all state and local
governments adopt comprehensive written debt management policies, and that
governments review them at least annually and revise them as necessary. The
GFOA further states that "adherence to debt management policy signals to rating
agencies and the capital markets that a government is well managed and should
meet its obligations in a timely manner." The Finance and Audit Committee
reviewed the proposed policies and procedures on June 27, 2006 and
recommended adoption.

B. Policy Issues

The policy issues for consideration are the level of analysis and oversight desired
by the Board in the issuance and management of County debt.

C. Board Goals

This issue relates to the goal of providing efficient and effective financial and administrative support and systems and the goal of strengthening analytical capabilities.

D. Financial and/or Resource Considerations

Rating agencies look for formalized financial and debt management policies in assessing the level of risk associated with debt issues. The presence of a formal debt policy will help to preserve or enhance the County's bond rating and thus allow the County to issue debt at more favorable rates.

E. Analysis

The proposed debt management policies delegate authority and responsibility to the County Administrator to adopt Administrative Procedures to implement the policies. Administrative Procedures have been developed which incorporate the elements that the Government Finance Officers Association recommend be addressed in a debt policy. The procedures have been drafted in a manner to ensure that debt is issued and managed within legal limits and that adequate consideration is given to the County's ability to afford the debt services. The procedures include a requirement for analyzing the County's debt levels annually against standard benchmarks.

F. Alternatives/Options

1. Approve the Order to add debt management policies to Lane Manual.
2. Do not approve the order.

V. TIMING/IMPLEMENTATION

Upon approval of the Order, Lane Manual will be amended, and the County Administrator will be asked to sign the Administrative Procedures to implement Lane Manual 4.025 – 4.030.

VI. RECOMMENDATION

Recommend approval of the Board Order.

VII. ATTACHMENTS

1. Order 06-9-31-
2. Lane Manual 4.025-4.030

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO.

IN THE MATTER OF AMENDING CHAPTER 4 OF
THE LANE MANUAL TO ADD DEBT MANAGEMENT
POLICIES (LM 4.025-4.030)

The Board of County Commissioners of Lane County orders as follows:

Lane Manual Chapter 4 is hereby amended by deleting, substituting, and adding the following section:

DELETE THIS SECTION

None

INSERT THIS SECTION

4.025 through 4.030
as located on pages 4-4 through 4-5
(a total of 2 pages)

Said section is attached hereto and incorporated herein by reference. The purpose of this substitution and addition is to add debt management policies (LM 4.025-4.030).

Adopted this _____ day of _____ 2006.

Chair, Lane County Board of Commissioners

APPROVED AS TO FORM

Date 8/30/06 Lane County



OFFICE OF LEGAL COUNSEL

Board will endeavor to restore the reserve as soon as possible to maintain the fiscal integrity of the County and maintain a favorable bond rating.

(d) Restoration of the reserve will be targeted within two fiscal years, and the restoration plan will be included in the County Financial Plan and adopted budget. The restoration plan should give consideration to measures such as:

(i) Increasing the “lapse” expectation by reducing appropriated expenditures.

(ii) Appropriating a minimum of 1% of operating revenues annually to the reserve.

(iii) Temporary reductions in assessments to other funds, to be redirected to rebuilding the reserve.

(e) Both components of the targeted General Fund reserve are considered as “operational reserve” (Account 992920) and require appropriation through the Supplemental Budget process before expenditures can be made. *(Revised by Order No. 06-5-31-1, Effective 5.31.06)*

INVESTMENT POLICIES

4.015 Purpose.

The purpose of these policies is to provide direction to the Director of Management Services in the investment of surplus cash in all funds, including moneys held in a fiduciary capacity. *(Revised by Order No. 94-6-28-7, Effective 6.28.94; 04-12-8-4, 12.8.04)*

4.020 Policies.

The following are the policies to be used by the Director of Management Services in administering the investment program.

(1) Investment practices shall be in accord with all applicable state and federal statutes and regulations. Investments shall be made in accordance with such statutes and regulations, including but not limited to, ORS chapters 294 and 295 as applicable.

(2) Maturity of such investments will be made to coincide as nearly as practical with the expected use of the funds and may not exceed three (3) years or statutory requirements, unless matched to a specific cash flow and approved by the Board of Commissioners.

(3) Investment of County funds shall be made only upon the authorization of the Director of Management Services or designee.

DEBT POLICIES

4.025 Purpose.

The purpose of these policies is to provide direction to the Director of Management Services in the issuance and management of the County’s borrowing and capital financing activities.

4.030 Policies.

The following are the policies to be used by the Director of Management Services in administering the issuance of debt.

(1) Debt management practices shall be in accord with all applicable state and federal statutes and regulations. Debt shall be issued in accordance with such statutes and regulations, including but not limited to, ORS chapters 287 and 288 as applicable.

(2) Debt shall be issued in a manner that minimizes the County’s debt service and issuance costs while maintaining the highest practical credit rating.

(3) Repayment schedules for debt retirement for capital projects shall not exceed the useful life of the asset acquired through the debt issuance.

(4) Bonds and long-term debt obligations shall be issued only upon the authorization of the Board of County Commissioners.

(5) The County Administrator is delegated the authority and responsibility to develop and maintain Administrative Procedures to implement these policies.

INTERFUND LOAN POLICIES

4.035 Purpose.

The purpose of these policies is to outline the requirements and responsibilities of departments regarding the use of interfund loans as a short-term financing resource to address cashflow needs in County operations or capital financing plans. *(Revised by Order No. 04-4-28-16; Effective 4.28.06)*

4.040 Policies.

The following are the policies to be used by departments entering into interfund loan transactions:

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