	CITY OF COFFEYVILLE **BOARD OF COMMISSIONERS AGENDA ITEM**	
MEETING DATE	September 9, 2014	
RESOLUTION OR ORDINANCE NUMBER	R-14-65 and R-14-66	
AGENDA TITLE	**A RESOLUTION TO IMPLEMENT FUND BALANCE AND DEBT MANAGEMENT POLICIES.**	
REQUESTING DEPARTMENT	Finance Department	
PRESENTER	Stephanie A. Richardson, Finance Director	
FISCAL INFORMATION	Cost as recommended:	N/A
	Budget Line Item:	N/A
	Balance Available	N/A
	New Appropriation Required:	[ ] Yes [X] No
PURPOSE	The Fund Balance Policy defines the balances necessary to maintain a prudent level of financial resources for City operations. The Debt Management Policy sets forth the guidelines for the financing of capital expenditures.	

BACKGROUND	On November 13, 2012, the City Commission adopted the following five goals for 2012-2015: • Develop and implement plans and policies for organizational structure, staffing, and culture that enhance service delivery and improve efficiency, effectiveness, and the stewardship of public funds. • Develop and implement Economic Development and Community Development plans and policies to strengthen the local economic climate and ensure the viability and sustainability of the community's residential neighborhoods and commercial areas. • Improve the City's infrastructure and facilities to enhance levels of service and provide for managed future growth. • ***Develop and implement plans, policies, and practices to ensure the good stewardship of public funds.*** • Develop an operational approach and organizational culture that establishes customer service as the City's top priority. The results of the 2013 Citizen Survey revealed stewardship of public funds as one of the top four priorities for our citizens. Twenty-nine percent of respondents indicated that over the next two years a higher emphasis should be placed on using public funds responsibly.
SPECIAL NOTES	

ANALYSIS	In order to achieve the goal set by the commission, staff has been developing a set of financial policies to guide the commission and city staff toward making good, responsible fiscal decisions for the City of Coffeyville. The Fund Balance Policy emphasizes the responsibility to maintain prudent financial operations to ensure stable city operations for the benefit of our residents and businesses. By establishing fund balances as recommended by our financial advisor, audit firm, Government Finance Officers Association (GFOA) and other authoritative organizations, the city protects itself against reducing service levels or raising taxes and fees due to temporary economic conditions or unforeseen expenditures. Staff consulted with our financial advisor and auditors to determine the appropriate fund balance level for this policy. The financial advisor indicated the proposed fund balance levels will help the city obtain a “strong rating” and help offset any weaknesses in our local economy with bond rating agencies. Stronger ratings equate to lower borrowing costs for the city. Our auditors, GFOA and the American Public Power Association recommend business funds maintain reserves equal to or greater than 3-5 months of annual operating expenditures. City staff reviewed the recommendations of these organizations and compared those to other local government policies and concurred with the proposed levels as being sufficient fund balance levels for a city our size. The Debt Management Policy is proposed as a guideline for financing of capital expenditures for the city. The policy sets out the parameters for when debt financing will be considered and used, the process for identifying the timing and maximum amount of debt as well as the structure of the debt. This policy was also shared with our financial advisor and auditor to obtain any comments and/or recommendations before moving forward. Both resources submitted recommendations which have been incorporated into the document presented with this agenda item. Sound financial policies and practices foster confidence in not only rating agencies, but should provide assurance to our citizens and businesses that we are being good stewards of public funds by following the best practices recommended in our field of expertise. It is our goal to develop and implement these plans, policies and practices to ensure we are maintaining prudent financial operations and putting Coffeyville in the best financial position possible.

PUBLIC INFORMATION PROCESS	N/A
BOARD OR COMMISSION RECOMMENDATION	N/A
STAFF RECOMMENDATION	Staff recommends approval of the resolutions approving the Fund Balance and Debt Management Policies.
REFERENCE DOCUMENTS ATTACHED	Fund Balance Policy Debt Management Policy

RESOLUTION NO. R-14-65

A RESOLUTION ESTABLISHING A FUND BALANCE POLICY FOR THE CITY OF COFFEYVILLE.

WHEREAS, the City has adopted a goal to develop and implement plans, policies and practices to ensure the good stewardship of public funds; and

WHEREAS, the 2013 Citizen Survey showed the stewardship of public funds as one of the top four priorities for the citizens of Coffeyville; and

WHEREAS, a fund balance policy emphasizes the responsibility to maintain prudent financial operations to ensure stable city operations for the benefit of residents and businesses.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Coffeyville, Kansas, that the fund balance policy be and is hereby established.

Adopted this 9th day of September, 2014.

_____
James Falkner, Mayor

ATTEST:

_____
Cindy Price, City Clerk

Approved as to Form:

_____
Paul Kritz, City Attorney

CITY OF COFFEYVILLE

SUBJECT	ISSUED BY	EFFECTIVE DATE	REVISION DATE
Fund Balance Policy	Finance Department	09/09/2014	

SECTION 1. GENERAL PROVISIONS

Purpose.
The Coffeyville City Commission understands it has a responsibility to maintain prudent financial operations to ensure stable city operations for the benefit of city residents and businesses. This policy is necessary in maintaining a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary economic conditions or unforeseen one-time expenditures. Appropriate fund balance targets are expected to differ from city to city, based on each city's specific circumstances. Factors to consider include size of the government, diversification of revenue and volatility of revenues sources.

Unencumbered cash reserves are an important component in ensuring the overall financial health of a community, by giving the city cushion to meet contingency or cash-flow timing needs. The Government Finance Officers Association (GFOA) recommends that governments maintain a fund balance of no less than 5% - 15% of revenues, or one or two months of operating expenditures.

Maintaining fund balance at a prescribed level involves two components: i) budgeted reserves and ii) the amounts that revenues exceeds expenditures due to conservative budgeting practices.

This Administrative Policy shall be effective from and after the date shown above. Any prior Administrative Policies adopted pursuant to this are hereby repealed.

Application.
This policy applies to all current and future funds established by the city. Fund balances shall first be attained and then maintained in accordance with the levels adopted within this policy.

Definitions.

Bond and Interest Fund – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Funds – Used to account for funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Capital Project Funds – Used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

General Fund – Is the City's chief operating fund. It is used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Unencumbered Cash: Unencumbered cash involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund.

SECTION 2. POLICY

Minimum Fund Balance Requirements:

- General Fund: In order to avoid service disruptions that otherwise could arise from revenue shortfalls or unanticipated expenditures, the General Fund shall be managed by the Finance Department and Department Heads and in such a way as to maintain a minimum unencumbered cash balance on the last day of each fiscal year equal to at least fifteen percent (15%) of current fiscal year budgeted a nnual operating expenditures before any transfers out.
- Special Purpose Funds: In order to avoid service disruptions that otherwise could arise from revenue shortfalls or unanticipated expenditures, Special Purpose Funds shall be managed by the Finance Department and Department Heads in such a way as to maintain a minimum unencumbered cash balance on the last day of each fiscal year equal to at least five percent (5%) of current fiscal year budgeted annual operating expenditures before any transfers out with a long-term goal of getting those reserves up to those similar to the General Fund and other operating funds.
- Business Funds: In order to avoid service disruptions that otherwise could arise from revenue shortfalls or unanticipated expenditures, Business Funds shall be managed by the Finance Department and Department Heads in such a way as to maintain a minimum unencumbered cash balance on the last day of each fiscal year to equal at least twenty-five percent (25%), or three months, of current fiscal year budgeted annual operating expenditures before any transfers out. For Business Funds that have debt service, the minimum fund balance shall also include one year of debt service payments. Electric Utility Operating Fund expenditures shall exclude those expenditures associated with the Coffeyville Resources Nitrogen Fertilizer department when calculating the annual operating expenditures.

Excess Unencumbered Cash Balances: In the event the unencumbered cash balance exceeds the minimum balance requirements at the end of each fiscal year, the excess may be used in one or a combination of the following ways:

- Debt reduction.
- One-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs.
- Establishment of or increase in reserves for risk management programs, equipment replacement, capital projects, emergencies or disaster recovery.

- Start-up expenditures for new programs, provided that such action is approved by the City Commission and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Finance Department.

Restoration of Minimum Fund Balances:

Should the unencumbered cash balance fall below the target level, the Finance Department and Department Heads will prepare and submit a plan to the governing body for approval to restore the balance to the target level and achieve the target level as soon as practicable within six calendar quarters of the deficiency.

SECTION 3. RESPONSIBILITY FOR ENFORCEMENT.
The City Manager has designated the Finance Director with the responsibility for the enforcement of this administrative policy. Department Heads will be entrusted with the responsibility of enforcing the policy within their departments.

Approved: _____ Date: _____
City Manager (Current as of September 2014)

CITY OF COFFEYVILLE

SUBJECT	ISSUED BY	EFFECTIVE DATE	REVISION DATE
Debt Management Policy	Finance Department	09/09/2014	

SECTION 1. GENERAL PROVISIONS

Purpose.

This Debt Management Policy sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policies that (1) the City obtain financing only when necessary, (2) the process for identifying the timing and amount of debt or other financing be as efficient as possible, (3) the most favorable interest rate and other related costs be obtained, and (4) when appropriate, future financial flexibility be maintained.

Debt financing, which includes general obligation bonds, special assessment bonds, revenue bonds, temporary notes, lease/purchase obligations, and other City obligations permitted to be issued or incurred under Kansas law, shall only be used to acquire capital assets.

To enhance creditworthiness and prudent financial management, the City is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment to capital planning will be demonstrated through adoption and periodic adjustment of the City's Comprehensive Plan and the annual adoption of a Capital Improvement Plan (CIP) identifying the benefits, costs and method of funding for each capital improvement planned for the succeeding five years.

This Administrative Policy shall be effective from and after the date shown above. Any Administrative Policies previously adopted addressing the topics contained in this Debt Management Policy are hereby repealed.

SECTION 2. POLICY

USE OF DEBT FINANCING

Debt financing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures. The City will use debt financing only for capital improvement projects and major equipment purchases, and only under one or more of the following circumstances:

- When the project is included in the City's five-year capital improvement program (CIP)
- When the project involves acquisition of equipment (or a related group of equipment such as police vehicles) with a value of at least $100,000
- When the project is the result of growth-related activities within the community that require infrastructure or capital improvements by the City
- When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing

- When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost sharing revenues.

The following criteria will be used to evaluate pay-as-you-go versus debt financing in funding capital improvements:

Factors which favor pay-as-you-go financing include circumstances where:

- The project can be adequately funded from available current revenues and fund balances while maintaining reserves in accordance with the Fund Balance Policy;
- The project can be completed in an acceptable timeframe given the available revenues;
- Additional debt levels could adversely affect the City's credit rating or repayment sources;
- Market conditions are unstable or suggest difficulties in marketing a debt obligation; or
- When it doesn't greatly increase the costs of the project.

Factors which favor long-term debt financing include circumstances where:

- Revenues available for debt issues are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating, which can be maintained;
- The nature and lifespan of the improvement are such that multiple generations of residents will benefit from its construction;
- Market conditions – including both interest rates and the cost of construction – are favorable for debt financing;
- A project is mandated by state or federal government and current revenues or fund balances are insufficient to pay project costs;
- A project is immediately required to meet or relieve capacity needs and existing unprogrammed cash reserves are insufficient to pay project costs; or
- The life of the project or asset financed is five years or longer.

MAXIMUM AMOUNTS OF DEBT FINANCING

Governmental Funds Debt

The City will not engage in debt financing unless the proposed obligation, when combined with all existing debts, will result in debt ratios throughout the life of the proposed obligation that meet or exceed at least three of the following benchmarks.

Ratio	**Limit**
Total net governmental funds debt as a percentage of appraised value	Less than 10%
Total net governmental funds debt as a percentage of governmental funds revenue	Less than 15%
Total net governmental funds debt service as a percentage of total governmental funds expenditures	Less than 60%
Total net governmental debt amortization within 10 years	Greater than 65%

The computation of these ratios will follow the latest applicable publication from Standard and Poor's Ratings Services.

A minimum net debt service coverage ratio of 1.26 will be maintained for all parity revenue bonds issued on behalf of each of the City's utilities. Calculation of net debt service coverage will be calculated as provided in bond resolutions for outstanding utility revenue obligations or in conformance with the most recent applicable publication by Standard and Poor's Ratings Service.

DEBT STRUCTURE

Security:
The security for new debt issuance – general obligation, revenue, lease-backed – will be selected taking into consideration of number of factors including, but not limited to:

- Statutory authority;
- Referendum requirements;
- Nature of revenue sources available to pay debt service;
- Projected interest costs;
- Anticipated costs of issuance as a percentage of the amount to be borrowed;
- Impact on the City's statutory general obligation bond debt limit;
- Likelihood of obtaining an investment grade rating; and
- Current market conditions

City staff will weigh these factors in discussion with the City's bond counsel and financial advisor before presenting a recommendation to the City Commission.

Amortization:
Debt obligations will be amortized for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users of the asset financed. Debt issuance will be structured to achieve the lowest possible net interest cost to the City given market conditions, the urgency of the capital project, and the nature and type of any security provided. The useful life of the asset or project shall meet or exceed the term of any debt the City assumes.

Debt will be amortized on an approximately equal annual debt service basis to the extent practical. When applicable, debt service may be amortized in a manner which tailors the debt service to the forecasted revenues generated by the asset to be financed. Debt service structures which greatly accelerate redemption of principal or which delay redemption of principal shall be closely scrutinized to evaluate their impact on the City's flexibility to fund future projects and improvements. The City normally shall issue bonds with a maximum life of 20 years or less for general obligation bonds, Public Building Commission bonds, and revenue bonds, and 15 years or less for special assessment bonds.

Credit Enhancements:
Credit enhancements, such as bond credit ratings, bond insurance and letters of credit, shall be evaluated for each debt issuance. The decision to include a credit enhancement in a debt issuance structure shall be primarily based on its cost-effectiveness. The long-term cost and complexity of administration shall also be taken into account.

Redemption Features:
Optional call features which allow the City to redeem bonds prior to maturity shall generally be structured in a way which does not increase interest costs. However, short optional calls which inflate interest costs may be considered for unique circumstances, such as in periods of unusually high interest rates. Extraordinary call features which allow the City to redeem the bonds at any time typically increase the cost of borrowing and, therefore, shall be used only when clearly necessary. Unless specific compelling reasons exist all bonds shall be callable only at par.

Capitalized Interest:
Debt obligations may permit borrowing of money to pay interest (capitalized interest). However, the use of capitalized interest shall only be for revenue producing assets, and only for the time period before the revenue stream from the asset becomes available. For property tax supported bonds, a nominal amount of capitalized interest (12 months or less) may be permitted to bridge the time period between bond issuance and imposition of a property tax levy to fund bond debt service.

Variable Rate Debt and Derivatives:
The City will exercise extreme caution in the issuance and sale of variable rate and derivative instruments, and will consider their utilization only when sufficient understanding of the products and sufficient expertise for their appropriate use has been developed.

DEBT ADMINISTRATION AND FINANCING

Financing Proposals:
Any capital financing proposal of a City department, agency, or utility involving the pledge or other extension of the City's credit through sale of bonds, execution of loans or leases, or otherwise involving directly or indirectly the lending or pledging of the City's credit, shall be referred to the City Manager and Finance Department for review before such pledge is considered by City Commissioners.

Bond & Interest Fund:
All payment of general obligation bonds and special assessment bonds shall be from the City’s Bond & Interest Fund. The annual budget for the Bond & Interest Fund shall be at a level equal to or greater than the total annual principal and interest payable from the fund for the budget year. Furthermore, the fund balance will be managed to eliminate or minimize arbitrage rebate liability.

Bond Counsel:
The City will utilize external bond counsel for all bond and temporary note debt issues. All debts 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 Federal and State constitutional and statutory requirements necessary for issuance, and determining the federal income tax status of the debt.

Underwriter's Counsel:
City payments for Underwriters Counsel will be authorized for negotiated sales by the Finance Department on a case-by-case basis depending on the nature and complexity of the transaction and the needs expressed by the underwriters.

Financial Advisor:
The City will retain an external financial advisor selected for a term of up to three years through a competitive process administered by the Finance Department. The utilization of the financial advisor for each debt issuance will be at the discretion of the Finance Department on a case-by-case basis. For each City bond sale the financial advisor will provide the City with information on pricing and underwriting fees for comparable sales by other issuers.

Temporary Notes:
Use of short-term borrowing, such as temporary notes, will be undertaken only if the transaction costs plus interest on a debt are less than the cost of internal financing, or available cash or reserves are insufficient to meet both project needs and current obligations.

Lease/Purchase Agreements:
The use of lease/purchase agreements in the acquisition of vehicles, equipment and other capital assets shall be considered carefully relative to any other financing option or a "pay-as-you-go" basis. The lifetime cost of a lease typically will be higher than other financing options or cash purchases. Nevertheless, lease/purchase agreements may be used by the City as funding options for capital acquisitions if operational or cash-flow considerations preclude the use of other financing techniques.

Method of Sale:
The City, as a matter of policy, shall seek to issue its debt obligations through a competitive sale unless it is determined by City Staff, in consultation with the City's financial advisor, that such a sale method will not produce the best results for the City. In such instances where the City, through a competitive bidding for its bonds, deems the bids received as unsatisfactory or does not receive bids, it may, at the election of the City Manager, enter into negotiation for sale of the bonds.

Where a negotiated sale process is determined to be in the best interests of the City, the City will use a competitive process to select its investment banking team.

REFUNDING OF DEBTS

Periodic reviews of all outstanding debts will be undertaken to determine refunding opportunities. Refunding will be considered (within federal tax law constraints) 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.

City staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refunding outstanding debts. Current refundings will be evaluated based upon the amount of savings relative to the cost of issuance. As a general rule, advance

refundings will be undertaken only if the present value savings of a particular refunding will exceed 3% of the refunded principal.

Refunding issues that produce a net present value savings of less than targeted amounts may be considered on a case-by-case basis. Refunding issues with negative savings will not be considered unless a compelling public policy objective is served by the refunding.

CONDUIT FINANCINGS

The City may sponsor conduit financings in the form of Revenue Bonds for those activities (i.e. economic development, housing, health facilities, etc.) that have a general public purpose and are consistent with the City's overall service and policy objectives as determined by the City Commission.

If a conduit financing does not insulate the City completely from credit risk or financial exposure, the City’s financial advisor shall present the City Commission with a thorough assessment of the feasibility and risks of the transaction.

ARBITRAGE LIABILITY MANAGEMENT

It is the City's policy to minimize the cost of arbitrage rebate and yield restriction while strictly complying with the law.

General:
Federal arbitrage legislation is intended to discourage entities from issuing tax-exempt obligations unnecessarily. In compliance with the spirit of this legislation, the City will not issue obligations except for identifiable projects with very good prospects of timely initiation. Temporary notes and subsequent long-term bonds will be issued timely as project contracts are awarded so that debt issues will be spent quickly.

Responsibility:
Because of the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the advice of Bond Counsel and other qualified experts will be sought whenever questions about arbitrage rebate regulations arise.

CREDIT RATINGS

Rating Agency Relationships:
The City Manager and Finance Director shall be responsible for maintaining relationships with the rating agencies that currently assign ratings to the City's various debts. This effort shall include providing periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance.

Use of Rating Agencies:
The City Manager and Finance Director shall be responsible for determining whether or not a rating shall be requested on a particular financing and which of the major rating agencies shall be asked to provide such a rating.

Rating Agency Presentations:
Full disclosure of operations and open lines of communication shall be provided to rating agencies used by the City. The staff of the Finance Department, with assistance of the City's Financial Advisor, shall prepare the necessary materials and presentation to the rating agencies.

Financial Disclosure:
The City is committed to full and complete primary and secondary financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, City departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The City is committed to meeting secondary disclosure requirements on a timely and comprehensive basis.

Official statements accompanying debt issues and continuous disclosure statements will meet (at a minimum), the standards articulated by the Government Accounting Standards Board (GASB), the National Federation of Municipal Analysts, the Securities and Exchange Commission (SEC), and the Kansas Municipal Accounting and Auditing Guide (KMAAG). The Finance Director shall be responsible for ongoing disclosure on the Municipal Securities Rulemaking Boards Electronic Municipal Market Access System and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies.

DEFINITIONS

Advance Refunding: Bonds sold to refinance outstanding bonds 90 or more days prior to their call dates.

Arbitrage: Arbitrage refers to the rebate or penalty amount due to the Internal Revenue Service where funds received from the issuance of tax-exempt debt have been invested and excess interest earnings have occurred, or where tax-exempt bond proceeds are not spent for their intended purposes within the times permitted by federal regulation. As used in this policy, 'excess interest earnings' means interest earned at a rate in excess of the arbitrage permitted yield on any individual bond issue.

Current Refunding: Bonds sold to refinance outstanding bonds prior to their maturities but after or shortly before call dates established in the bond indenture of the outstanding bonds. A current refunding can take place no earlier than three months before the 'call' and any time after the call. Payment of the outstanding bonds must occur within 90 days of selling the current refunding bonds.

Derivatives: Securities the value of which depends on or is derived from one or more separate indices of asset values. Derivative products issued by local governments may include floaters / inverse floaters, collateralized mortgage obligations (CMOs), forwards, futures, and options.

General Obligation Bonds: Bonds backed by the full faith and credit of the City. Bondholders have the power to compel the City to levy property taxes to repay the bonds if necessary.

Lease/Purchase Agreements: The City enters into a lease agreement with another party (typically a third-party vendor) to lease an asset over a defined period of time at a prearranged annual payment. Lease payments are made primarily from operating fund revenues. The legislative body appropriates annual lease payments unless it chooses not to appropriate under the Kansas cash basis law. If lease payments are not appropriated, ownership of the leased property reverts to the lessor. At the conclusion of the lease term, the City receives unencumbered ownership of the property.

Public Building Commission Bonds: Bonds issued by the City Public Building Commission that are secured by lease revenues paid to the PBC by the governmental entity for which the bonds were issued. The PBC is authorized to finance, build and/or operate facilities that serve a public purpose when asked to do so by the City or another governmental entity. The requesting government enters into a lease agreement with PBC for the right to occupy the facility, and the lease payments are equal to the annual debt service and operating costs of the PBC. PBC bonds are revenue bonds because they are secured solely by the lease agreement. PBC leases executed by the City are long-term, binding obligations of the City because they are exempt from the Kansas Cash Basis Law.

Revenue Bonds: Bonds secured by revenues generated by the facility from dedicated user fees, or by one or more non-ad valorem revenue sources. Planning for such issues generally is more complex because future costs and revenues directly affect each other. Credit enhancements (e.g., insurance or letter of credit) may be needed because of the limited source of debt service payments that may be available in outlying years.

Special Assessment Bonds: Bonds issued to develop facilities and basic infrastructure for the benefit of properties within the assessment district. Assessments are levied on properties benefited by the project. The issuer's recourse for nonpayment is foreclosure and the remaining debt becomes the City's direct obligation, repaid from property taxes.

Temporary Notes: Notes are issued to provide temporary financing, to be repaid by long-term financing. This type of bridge financing has a maximum maturity of four years under Kansas law.

SECTION 3. RESPONSIBILITY FOR ENFORCEMENT.
The City Manager is responsible for enforcement of this administrative policy.

Approved: _____ Date: _____
City Manager (Current as of September 2014)