



Agenda Date: 2/1/2017

Agenda Placement: 7F

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Jeff Tucker - Director of Administrative Services/CFO
NS-Administration

REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000

SUBJECT: Approve Changes to District Financial Policies

RECOMMENDATION

Approve changes to the District Financial Policies to conform with changes in state law, as presented.

EXECUTIVE SUMMARY

Senate Bill 1029 (Hertzberg), signed into law on September 12, 2016, requires the state to track and report on all new state and local government debt. Included in the law is a requirement that local governments who issue debt have debt policies that include specific statutorily required elements. NapaSan's current financial policies include most of the required elements already, but some changes are necessary to comply fully. A summary of changes is as follows:

- | The policy now includes language requiring that the intended use of debt be included in NapaSan's Capital Improvement Plan and long-range financial forecasts.
- | The policy now includes the types of debt that NapaSan can issue, including general obligation bonds, certificates of participation, revenue bonds, direct placements with banks, and loans from the state or federal governments. The policy also allows other forms of debt deemed appropriate by the Board of Directors.
- | The policy clarifies the criteria for when credit enhancements, such as bond insurance or a letter of credit, may be used to include when it is required as a condition of loan or debt issuance.
- | The policy includes the internal controls that NapaSan will implement to ensure proper accounting and fiduciary control over the expenditure of debt proceeds.
- | The policy now includes specific information regarding debt proceeds and debt service payments be reported to the Board quarterly.

The Board Finance Committee reviewed the proposed changes to Financial Policies on January 9, 2017, and

recommended improvements to the Board reporting requirements. Those comments have been incorporated into the proposed policy. The Finance Committee recommends approval of the policies.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

None.

SUPPORTING DOCUMENTS

A . Financial Policies - Redline

Napa Sanitation District: Approve

Reviewed By: Jeff Tucker