

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: July 24, 2013

Board Item: 2-C-3

Debt Management Policy

Action by Consent

Action

Information

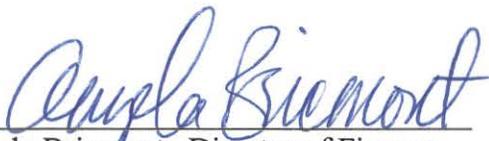
The Board's current Debt Guidelines were last updated on May 28, 2003. These Guidelines contain key policy elements governing the issuance and management of long term fixed rate debt, such as water revenue bonds, capital leases and certificates of participation. Additionally, the Guidelines establish the financial targets intended to maintain a revenue bond rating of Aa/AA category or better. The Guidelines, however, restrict the use of these forms of debt to the financing of expansion (Part 1) capital only, and they do not address the use of alternative financing instruments such as variable rate debt, lines of credit, commercial paper, etc. that have become common among large public utilities.

Denver Water's staff, with the assistance of the Board's Financial Advisor, Piper Jaffray, and Bond Counsel, Peck Shaffer, drafted the attached Debt Management Policy ("Policy") to replace the Guidelines. The new Policy establishes key objectives and practices of debt management and provides guidance regarding the Board's philosophy on debt management. The Policy demonstrates to the investor community the Board's commitment to maintain financial strength and stability while providing flexibility to address financial targets during extraordinary circumstances. Additionally, the Policy has been drafted to be consistent with the Master Bond Resolution.

Recommendation:

It is recommended that the Board approve the attached Debt Management Policy.

Respectfully submitted,



Angela Bricmont, Director of Finance



James S. Lochhead, CEO/Manager

Approvals:



Patricia Wells, General Counsel