

Introduced by Council Member Lahnen and Co-Sponsored by Council Member Miller and amended by the Finance Committee:

ORDINANCE 2025-434-E

AN ORDINANCE REGARDING DEBT MANAGEMENT POLICY; AMENDING AND ADOPTING THE DEBT MANAGEMENT POLICY OF THE CITY, IN ACCORDANCE WITH SECTION 110.203, *ORDINANCE CODE*; AMENDING SECTIONS 110.503 (USEFUL LIFE OF PROJECTS FUNDED), 110.509 (USE OF BORROWED CASH), 110.514 (ANNUAL DEBT AFFORDABILITY ANALYSIS), AND 110.516 (DEBT MANAGEMENT PARAMETERS), PART 5 (CITY DEBT MANAGEMENT), CHAPTER 110 (CITY TREASURY), *ORDINANCE CODE*, TO EXTEND THE TIME PERIOD TO DELIVER PROJECT LISTS TO CITY COUNCIL, TO MODIFY REPORTING REQUIREMENTS REGARDING CASH TRANSFERS BETWEEN PROJECTS, TO UPDATE CITY DEPARTMENT NAMES AND POSITION TITLES PURSUANT TO ORDINANCE 2024-175-E, AND TO INCLUDE AN ADDITIONAL DEBT RELATED RATIO TO CONTROL THE CITY'S DEBT POSITION; PROVIDING FOR AUTHORIZATION WITH RESPECT TO THE ACTIONS AUTHORIZED BY THE DEBT MANAGEMENT POLICY; PROVIDING FOR CODIFICATION INSTRUCTIONS; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Jacksonville has determined that the modernization and clarification of its debt management policy is in the best interests of the employees and citizens of the City of Jacksonville; now therefore

BE IT ORDAINED by the Council of the City of Jacksonville:

Section 1. Amending and Adopting the City's Debt Management

1 **Policy Pursuant to Section 110.203, Ordinance Code.** The City of
2 Jacksonville's Debt Management Policy is hereby amended to, among
3 other things: (1) allow the Debt Oversight Committee to meet and
4 authorize exceptions to the policy limits on an annual, rather than
5 quarterly basis; (2) modify the requirements related to obtaining the
6 City's Issuer Credit Rating; (3) include an additional debt related
7 ratio to the ratios in the Debt Affordability Study; (4) increase
8 certain maximum exposure limits applicable to medium term notes; (5)
9 increase the presumed annual borrowing range from between \$60,000,000
10 and \$100,000,000 to between \$150,000,000 and \$300,000,000; (6)
11 increase the liquidity assessment limits applicable to rollovers from
12 \$22,500,000 in the aggregate to \$50,000,000 in the aggregate; (7)
13 delete language regarding splitting single maturity dates for debt
14 approaching \$18,000,000 to \$20,000,000; and (8) correct various
15 scrivener's errors, add various clarifying language and eliminate
16 obsolete language, all as more particularly set forth on the amended
17 Debt Management Policy attached as **Exhibit 1**. The entire Debt
18 Management Policy, as amended, attached hereto as **Exhibit 2** and
19 incorporated herein by this reference (the "Debt Management Policy"),
20 is hereby approved and adopted and shall be maintained on file in the
21 offices of the City Treasurer, the Legislative Services Division, and
22 the Council Auditor in accordance with Section 110.203, *Ordinance*
23 *Code*.

24 **Section 2. Amending Sections 110.503 (Useful life of**
25 **projects funded), 110.509 (Use of borrowed cash), 110.514 (Annual**
26 **debt affordability analysis), and 110.516 (Debt management**
27 **parameters), Part 5 (City Debt Management), Chapter 110 (City**
28 **Treasury), Ordinance Code.** Sections 110.503 (Useful life of projects
29 funded), 110.509 (Use of borrowed cash), 110.514 (Annual debt
30 affordability analysis), and 110.516 (Debt management parameters),
31 Part 5 (City Debt Management), Chapter 110 (City Treasury), *Ordinance*

Code, are hereby amended to read as follows:

CHAPTER 110 - CITY TREASURY

* * *

PART 5. - CITY DEBT MANAGEMENT

* * *

Sec. 110.503. - Useful life of projects funded.

Debt may be used to fund only projects with a useful life of five years or greater and a per-unit value of at least \$25,000, unless projects with a lesser per-unit value are specifically approved in the legislation authorizing such funding. Debt may be issued over a period which does not exceed the average useful life of the capital items being financed. The average maturity of the issued bonds shall be structured within +/- one year of the useful life of assets being financed. The list of projects financed with each new money debt issue, shall be delivered to City Council within 60~~30~~ days of bond closing.

* * *

Sec. 110.509. - Use of borrowed cash.

The Director of the Finance Department ~~and Administration~~ may use any cash which has been authorized to be spent on projects approved for funding to cover cash needs in other projects within Council appropriated project budgets to effectively manage cash and ensure that the use of borrowed funds complies with tax exempt borrowing provisions contained in Internal Revenue Code. In any applicable quarter, ~~Quarterly,~~ the Finance ~~and Administration~~ Department shall submit a report to the Finance Committee of all cash transfers between projects over the last quarter, and proposed and anticipated cash transfers over the subsequent quarter.

* * *

Sec. 110.514. - Annual debt affordability analysis.

* * *

1 (b) The Director of the Finance Department~~and Administration~~
2 shall conduct a debt affordability analysis each year.
3 Proposed capital projects that require funding by the
4 issuance of additional City debt shall be evaluated on the
5 basis of the analysis to assist the Council in setting
6 priorities among capital projects and related appropriations.

7 (1) The Director of the Finance Department~~and Administration~~
8 shall annually prepare a baseline debt affordability
9 report, to be presented to the Finance Committee and the
10 City Council standing committee to which matters
11 regarding Audits are referenced on or before May 31 of
12 each year for purposes of providing a framework for the
13 Council to evaluate and establish priorities for bills
14 that propose the authorization of additional City debt
15 during the next budget year.

16 * * *

17 (3) The Director of the Finance Department~~and Administration~~
18 shall prepare an update of the report set forth above in
19 conjunction with any proposal to issue new City debt
20 including an updated debt affordability report, to be
21 presented to the Finance Committee and the City Council
22 standing committee to which matters regarding Audits are
23 referenced concurrent with the submission of the City's
24 Capital Improvement Plan and Capital Improvement Plan
25 Budget each year, for purposes of providing a framework
26 for the Council to evaluate and establish priorities for
27 bills that propose the authorization of additional City
28 debt during the next budget year. This updated report
29 shall contain the information provided in the baseline
30 report, updated to reflect the impact of the issuance of
31 additional debt on both the debt affordability parameters

in the Code as well as the debt service schedules for the next five years. The amount of additional debt used in the analysis shall be the amount proposed in the proposed Capital Improvement Plan Budget and Capital Improvement Plan as well as a schedule depicting the impact on debt service and debt affordability of each twenty million dollar increase or decrease from that proposed up to 50 percent greater than the proposed budget. The schedule shall note breakpoints at which debt affordability criteria must be waived to permit such authorization.

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Sec. 110.516. - Debt management parameters.

The City is establishing appropriate objective guidelines and parameters for future debt issuance. Guidelines that are too restrictive do not provide enough debt capacity to finance needed infrastructure. Guidelines that are not restrictive enough may result in excessive debt issuance in the near term, which will reduce future budgetary flexibility by creating an excessive debt service demand on the City's resources, contributing to a deteriorating credit position. Objective guidelines typically take the form of debt ratios. Below are ~~seven~~five debt ~~related~~service ratios identified by the City to control its debt position.

	Target	Maximum/ Minimum
Overall net debt to estimated market value	2.50%	3.50%**
Debt per capita	\$2,600	\$3,150**
General Fund/General Services District (GF/GSD) Debt Service to GF/GSD revenues	11.5%	13.0%**

<u>General Fund/General Services District (GF/GSD) Debt</u>		
<u>Service to GF/GSD expenditures</u>	<u>12.5%</u>	<u>15.0%**</u>
Ten-year principal paydown - GF/GSD	50%	30%*
Ten-year principal paydown - All	50%	30%*
Unassigned GF/GSD Fund Balance to GF/GSD revenues	10%	5%*

* Measured as a minimum

** Measured as a maximum

A supermajority of Council Members present shall be required for a waiver of two or more debt parameters in authorized borrowing not including "Ten-year principal paydown - All."

For purposes of this Section, the following definitions and exclusions shall apply:

Overall net debt to estimated market value shall be computed as the aggregate City and overlapping debt (debt issued by other jurisdictions within the boundaries of the local government that is repaid from the same tax base) divided by the market value of that tax base. The estimated market value shall not include the portion of taxable values of properties located in the Beaches and Baldwin service districts upon which the City has the inability to collect property taxes. For purposes of this calculation, the taxable value of Beaches properties shall be reduced by 30 percent and the taxable values of Baldwin properties shall be divided by 118.8%.

Debt per capita shall include overlapping debt.

GF/GSD Debt Service to GF/GSD Revenue shall include all GF/GSD debt service, as well as any debt service supported by GF/GSD transfers to Enterprise or other internal funds. This shall include banking fund debt repayments within individual departments and non-departmental accounts. This parameter requires a comparison to total GF/GSD Revenues, rather than total operating expenditures.

1 The Ten-Year Principal Paydown is computed as the total
2 principal repayment scheduled for the next ten years divided by the
3 total debt currently outstanding and shall be computed for two
4 separate measures.

5 1. "Ten-Year Principal Paydown - GF/GSD" shall apply only to
6 GF/GSD debt service as described above.

7 2. "Ten-Year Principal Paydown - All" shall apply to all
8 outstanding City debt regardless of the pledged revenue source.

9 * * *

10 **Section 3. Further Authorizations.** The Director of the
11 Finance Department and other individuals described in the Debt
12 Management Policy approved herein are hereby authorized to take all
13 actions authorized by the Debt Management Policy, in accordance with
14 Section 110.203, *Ordinance Code*, in order to effectuate the purpose
15 of this Ordinance and the Debt Management Policy.

16 **Section 4. Codification Instructions.** The Codifier and the
17 Office of General Counsel are authorized to make all chapter and
18 division "table of contents" consistent with the changes set forth
19 herein. Such editorial changes and any other changes necessary to
20 make the Ordinance Code consistent with the intent of this legislation
21 are approved and directed herein, and the changes to the Ordinance
22 Code shall be made forthwith and when inconsistencies are discovered.

23 **Section 5. Effective Date.** This Ordinance shall become
24 effective upon signature by the Mayor or upon becoming effective
25 without the Mayor's signature.

26 Form Approved:

27 _____
28
29 Office of General Counsel

30 Legislation Prepared By: Mary E. Staffopoulos