

CITY OF SAGINAW, TEXAS

FINANCIAL MANAGEMENT POLICIES

As needed, the city will prepare Bond Propositions and the City Council will approve any election items and will set election dates in accordance with state law. The Finance Department will track all authorized propositions, the related debt issues and projects for those authorizations, and all remaining amounts approved but unissued.

2. Revenue Bonds – Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for the continuation or expansion of a service. The improved activity shall produce a revenue stream to fund the debt service requirements for the necessary improvement to provide service expansion. The final maturity of the obligation should not exceed the useful life of the asset(s) to be funded by the bond issue and will generally be limited to no more than twenty (20) years.

3. Certificates of Obligation – (CO's) Certificates of Obligation may be used to fund capital requirements that are not otherwise covered either by general obligation or revenue bonds. Debt service for CO's may be paid either from general revenues (tax-supported) or supported by a specific revenue stream(s) or a combination of both provided, however, that the I&S tax provides alternate security for the repayment of CO's as required by State Law.

Certificates of obligation will be used with prudent care and judgement by the City Council. Notice of Intent to Issue CO's will conform to state law requirements.

The issuance of CO's will require a favorable vote by the majority of the City Council (four affirmative votes are required).

4. Self-supporting General Obligation Debt – Refers to general obligation debt issued for a specific purpose and repaid through dedicated revenues other than ad valorem taxes; however, the I&S tax is still pledged by law. The annual debt requirements are not included in the property tax calculation. The issuance of self-supporting general obligation debt will require a favorable vote by the majority of the City Council (four affirmative votes are required).

5. Internal borrowing between City funds – The City can authorize use of existing long-term reserves as "loans" between funds. The borrowing fund will repay the loan at a rate consistent with current market conditions. Internal borrowing will be analyzed on a case by case basis and requires City Council approval.