

1 **Jefferson Transit Authority**
2 **Resolution No. 19-17**
3 **Adopting a Debt Management Policy**
4

5 **A RESOLUTION** of the Board of Directors of the Jefferson County Public
6 *Transportation Benefit Area, hereinafter called "the Authority," to adopt*
7 *a Debt Management Policy*

8 **WHEREAS**, Jefferson Transit Authority (JTA) purchased bonds for the purpose of
9 providing funds necessary to carry out the construction of an approximately 13,500
10 square foot maintenance and administration building, bus parking, canopied fuel island,
11 wash facility, staff and visitor parking area and other public mass transportation capital
12 purposes; and

13 **WHEREAS**, Jefferson Transit Authority has established a bond-rating score from
14 Standard and Poor's; and

15 **WHEREAS**, Standard and Poor's is reevaluating their bond-rating scores to determine if
16 a bond-rating change is warranted based on criteria that changed after the bonds were
17 issued; and

18 **WHEREAS**, JTA was informed by Standard and Poor's that a Debt Management Policy
19 would support a higher bond-rating score.

20 **NOW, THEREFORE, BE IT RESOLVED** by the Board of the Jefferson Transit Authority
21 that the attached Debt Management Policy is hereby adopted.

22 **CERTIFICATION**

23 The undersigned duly qualified Clerk of the Board, acting on behalf of the Jefferson
24 County Public Transportation Benefit Area, certifies that the foregoing is a true and
25 correct copy of a resolution adopted at a legally convened meeting of the Jefferson
26 Transit Authority Board held on June 18, 2019.

Chair 

excused
Vice-Chair

Member 

excused
Member

Member 

Attest: 
Clerk of the Authority

Title: Policy for Debt Management	Resolution: 19-17
Author: Sara Crouch, Finance Manager	Effective Date: June 18, 2019



Jefferson Transit Authority

Debt Management Policy

Effective June 18, 2019

1. Short-Term Debt Policies:

- a. Short-term debt covers a period of three years or less.
- b. The Authority may use short-term debt to cover temporary cash flow shortages which may be caused by a delay in receipting tax revenues or issuing long-term debt.
- c. The Authority may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. All short-term borrowing will be subject to Board approval by resolution and will bear interest based upon prevailing rates.

2. Long-Term Debt Policies:

- a. The Long-Term debt is that debt which exceeds three years.
- b. The Authority will utilize long-term borrowing for capital improvements that cannot be financed on a pay-as-you-go basis from anticipated cash flows.
- c. Acceptable uses of bond proceeds are items which can be capitalized and depreciated. Refunding bond issues designed to restructure currently outstanding debt is also an acceptable use of bond proceeds provided that the Net Present Value (“NPV”) of savings is at least 3%.
- d. The Authority will determine whether self-supporting bonds (such as special assessment improvement district bonds) are in the Authority's best interest when planning to incur debt to finance capital improvements.
- e. The Authority will not use long-term debt for current operations.
- f. General Obligation Bond Policy
 - i. Every project proposed for financing with general obligation debt (either voted or non-voted general obligation debt) shall be accompanied by a full analysis of the future operating and maintenance costs associated with the project.
 - ii. If voted general obligation bond propositions are placed before the voters, the capital project under consideration must be included in the Capital Investment Program. The source of funds should describe the intended use of bond financing.
 - iii. Bonds cannot be issued for a repayment term that is longer than a conservative estimate of the useful life of the asset to be financed.

g. Limited Tax General Obligation Bond Policies

- i. As a precondition to the issuance of limited tax general obligation bonds, alternative methods of financing may also be examined.
- ii. Limited tax general obligation bonds can be issued under certain conditions:
 - A project requires monies not available from alternative sources;
 - Matching fund monies are available which may be lost if not applied for in a timely manner; or
 - Catastrophic conditions which may include, but are not limited to: fire, flood, earthquake, accident, or Force Majeure.

h. Financing of Lease Purchases

Provided there is debt capacity, as allowed either by WA State statute or enterprise revenues, the Authority Board may approve the use of lease purchases when necessary, as an alternative form of indebtedness:

- i. Equipment – The Authority shall have the ability to consider lease purchase transactions, including certificates of participation, long-term vendor leases, and the use of master lease programs. The final maturity of equipment lease financings will be limited to the remaining useful life of the equipment.
- ii. Real Property – The final maturity of the financing shall not exceed the remaining useful life of the facility. A lease financing generally should not have a final maturity exceeding 30 years.