

**CITY OF MIAMI, FLORIDA
DEBT MANAGEMENT POLICY**

I. PURPOSE

The purpose of this policy is to establish parameters and provide guidance governing the issuance, management, continuing evaluation of and reporting on all debt obligations issued by the City of Miami, and to provide for the preparation and implementation necessary to assure compliance and conformity with this policy.

II. POLICY STATEMENT

Under the governance and guidance of Federal and State laws and the City's Charter, ordinances and resolutions, the City may periodically enter into debt obligations the finance the construction or acquisition of infrastructure and other assets or to refinance existing debt for the purpose of meeting its governmental obligation to its residents. It is the City's desire and direction to assure that such debt obligations are issued and administered in such fashion as to obtain the best long-term financial advantage to the City and its residents, while making every effort to maintain and improve the City's bond ratings and reputation in the investment community.

The City may also desire to issue debt obligations on behalf of external agencies or authorities for the purpose of constructing facilities or assets which further the goals and objectives of City government. In such case, the City shall take reasonable steps to confirm the financial feasibility of the project and the financial solvency of the borrower; and, take all reasonable precautions to ensure the public purpose and financial viability of such transactions.

The City shall not issue debt obligations or utilize debt proceeds to finance current operations of City Government.

III. FINANCE COMMITTEE

It is the responsibility of the Finance Committee to review and make recommendations regarding the issuance of debt obligations and the management of outstanding debt. The Finance Committee shall consist of seven voting members consisting of five members from the local business community appointed by the City Commission, the City Manager or his designee, and the City's Finance Director. Others who may be present at meetings of the Finance Committee to provide technical expertise and advice shall include representatives from the City Attorney's office, the Budget Department, the Department to which the proposed debt may relate, the City's Financial Advisor, Bond Counsel and Disclosure Counsel. Meetings will be open to all interested parties and official minutes will be taken and copies made available upon request to the City Clerk.

The Finance Committee will consider all issues related to outstanding and proposed debt obligations, and will vote on issues affecting or relating to the credit worthiness, security and repayment of such obligations, including but not limited to procurement of services, structure, repayment terms and covenants of the proposed debt obligation, and issues which may affect the security of the bonds and ongoing disclosure to bondholders and interested parties.

IV. GENERAL DEBT GOVERNING POLICIES

The City hereby establishes the following policies concerning the issuance and management of debt:

A. The City will not issue debt obligations or use debt proceeds to finance current operations.

B. The City will utilize debt obligations only for acquisition, construction or remodeling of capital improvement projects that cannot be funded from current revenue sources or in such cases wherein it

is more equitable to the users of the project to finance the project over its useful life.

C. The City will measure the impact of debt service requirements of outstanding and proposed debt obligations on single year, five, ten and twenty year periods. This analysis will consider debt service maturities and payment patterns as well as the City's commitment to a pay as you go budgetary capital allocation.

V. SPECIFIC DEBT POLICIES, RATIOS AND MEASUREMENT

This section of the debt Management Policy establishes the target debt policies, ratios and measurements for the City in the following categories:

- A. Measurements of Future Flexibility
- B. Constraints, Ratios and Measurements

A. Measures of Future Flexibility

As the City periodically addresses its ongoing needs, the City Manager and the City Commission must ensure that the future elected officials will have the flexibility to meet the capital needs of the City. Since neither State law nor the City Charter provides any limits on the amount of debt which may be incurred (other than the requirement to have General Obligation debt approved in advance by referendum), this policy establishes the following targets and limits which at the same time provide future flexibility.

General Government Debt Service as a percentage of Non-Ad Valorem General fund Revenues:

Debt Limit	<i>[Percentages to be Established by Finance</i>
Goal/Target	<i>Committee as a 5 year goal once appointed]</i>
Uncommitted General Fund Balance	5% to 10% of annual operating budget or actual revenues achieved over 5 years

B. Constraints, Ratios and Measures

The following constraints, ratios and measures shall govern the issuance and administration of debt obligations:

[This section is to be refined by the Finance Committee by bench marking the City to current industry standards]

Purposes of Issuance - The City will issue debt obligations for acquiring, constructing or renovating Capital Improvements or for refinancing existing debt obligations. Projects must be designed as public purpose projects by the City Commission prior to funding.

Maximum Maturity - All debt obligations shall have a maximum maturity of the earlier of: (i) the estimated useful life of the Capital Improvements being financed; or, (ii) thirty years; or, (iii), in the event they are being issued to refinance outstanding debt obligations the final maturity of the debt obligations being refinanced, unless a longer term is recommended by the Finance Committee.

Net Debt Per Capita - The City shall strive to maintain the Net Debt Per Capita at or below the standard median for cities of comparable size. The Net Debt Per Capita shall not exceed ___% of such median as established by the Finance Committee. The Net Debt Per Capita shall be calculated by dividing the Governmental Net Debt by the most current population within the City.

Net Debt to Taxable Assessed Value - The City shall strive to maintain a ratio of Net Debt to Taxable Assessed Value of properties within the City at or below the standard industry

median for cities of comparable size. Such ratio shall not exceed ___% of such median as established by the Finance Committee. The ratio of Net Debt to Taxable Assessed Value shall be calculated by dividing the Net Debt by the taxable assessed value of all taxable properties within the City.

Capitalized Interest (Funded Interest) - Subject to Federal and State law, interest may be capitalized from date of issuance of debt obligations through the completion of construction for revenue producing projects. Interest may also be capitalized for projects in which the revenue designated to pay the debt service on the bonds will be collected at a future date, not to exceed six months from the estimated completion of construction and offset by earnings in the construction fund.

Bond Covenants and Laws - The City shall comply with all covenants and requirements of the bond resolutions, and State and Federal laws authorizing and governing the issuance and administration of debt obligations.