

RESOLUTION NO. 973

A RESOLUTION OF THE BOARD OF COMMISSIONERS FOR THE APPROVAL AND ADOPTION OF A DEBT MANAGEMENT POLICY

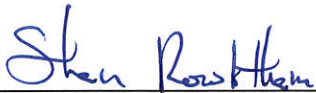
WHEREAS, Kittitas County Public Utility District No. 1 finds that it is beneficial to update and replace the Debt Management Policy; and

WHEREAS, a Debt Management Policy provides guidelines, allowances and restrictions that guide debt issuance practices; and

WHEREAS, the Commissioners of Kittitas County Public Utility No. 1 rescind the Capital Management Policy adopted June 2009; and

NOW, THEREFORE, BE IT RESOLVED that the Commissioners of Kittitas County Public Utility District No. 1 approve and adopt the Debt Management Policy, as set forth in Exhibit A attached hereto.


IN WITNESS WHEREOF, the undersigned, being all the members of the Board of Commissioners of Kittitas County Public Utility District No. 1 have executed this Resolution of the Board of Commissioners on this 19th day of December 2017.



Shan Rowbotham, President



Paul Rogers, Vice President



Joe O'Leary, Secretary

Exhibit A

DEBT MANAGEMENT POLICY

December 2017

Table of Contents

Policy Intent.....4

Debt Limits4

Debt Structuring Practices.....4

Debt Service Coverage Ratio 4

Debt Issuance Practices 4

Debt Management Practices 5

Policy Intent

The Debt Management Policy is intended to provide guidelines, allowances, and restrictions that guide the debit issuance practices for Kittitas County Public Utility District No. 1 ("Utility"). The policy will guide the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital and financial planning. The Debt Management Policy will provide credibility, transparency and ensure that there is a common understanding among the District's elected officials and Management regarding the approach to debt financing.

The Finance Manager will ensure that an adequate system of internal control exists to provide a reasonable assurance of compliance with appropriate laws, rules, regulations, and covenants associated with outstanding debt.

Debt Limits

The goals of the District are to maintain the general obligation debt at 40% or less of total assets and deferred outflows of resources and to maintain a level of unrestricted cash of equal to or greater than 120 DCOH (Days Cash on Hand). The District will follow all legal constraints in accordance with the Bond Covenants.

Debt Structuring Practices

In order to maintain a stable debt service burden, the District will attempt to issue debt that carries a fixed interest rate.

All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements, but in no event to exceed 30 years

The Board has established a goal for capital expenditures to be funded 40% from debt and 60% from the general funds. This goal may be revised from time to time with approval of the Board.

Debt Service Coverage Ratio

Debt Service Coverage Ratio (DCSR) is the ratio of cash available for debt servicing to interest and principal payments. The Board has established a goal for DSCR of 1.60 for the District.

Debt Issuance Practices

The District will continually strive to maintain its bond rating by improving financial policies, budget, forecasts and the financial health of the District so its borrowing costs are minimized and its access to credit is preserved.

The Board, General Manager, Finance Manager and bond counsel shall coordinate their activities and review all debt issuance to ensure that all securities are issued in compliance with legal and regulatory requirements. All debt issued by the District will include a written opinion by bond counsel affirming that the District is authorized to issue the proposed debt. The opinion shall include confirmation that the District has met all constitutional and statutory requirements necessary for issuance.

An analytical review shall be conducted prior to the issuance of debt including, but not limited to, monitoring or market opportunities and structuring and pricing of the debt.

The District will issue debt only for the purposes of construction or acquiring capital improvements and for making major renovations to existing capital improvements.

The District will continually monitor its outstanding debt in relation to existing conditions in the debt market and will refund any outstanding debt when sufficient cost savings can be realized.

Debt Management Practices

The Treasurer is responsible for the investment of Bond Proceeds. The investments shall comply with all applicable Federal, State, Bond Covenant restrictions and the Investment Policy.

