

POLICY

Title of Policy:	Debt Service Reserve Policy
Policy Number:	
Author (position):	Director of Business Services
Approved By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team
Adoption Date:	September 14, 2009
Last Review/Revision Date:	August 22, 2018
Last Review/Revision Approval By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Team

1.0 PURPOSE:

- 1.1 The purpose of this Policy is to assist NEW Water and its Commission in designating, monitoring, and managing the Debt Service Reserve maintained by NEW Water for payment of debt obligations of NEW Water.

2.0 SCOPE:

- 2.1 This policy applies to NEW Water's Debt Service Reserve.

3.0 PROGRAM AUTHORITY: (Not Used)

4.0 POLICY:

- 4.1 The Debt Service Reserve will be maintained as required by Bond Covenants, with a minimum fund balance determined annually by the loan obligation amounts of NEW Water.
- 4.2 NEW Water will establish annual budgetary amounts for the determination of debt obligations and designate projected amount of capital from the Debt Service Reserve to be used for payment of debt obligations of NEW Water.
- 4.3 NEW Water will apply investment interest proceeds proportionately to the Debt Service Reserve as established by the NEW Water Investment Interest Use Policy. NEW Water will establish the principal amount for the Debt Service Reserve during the budget approval process for the following year.
- 4.4 NEW Water will establish annual and long-term Debt Service Reserve needs related to debt obligations of NEW Water. NEW Water will replenish the Debt Service Reserve through interest accumulation on the principal and through the annual budget.
- 4.5 NEW Water will have the discretion to use such interest and/or principal proceeds for the debt service needs associated with the Debt Service Reserve, subject to alternative use of the Debt Service Reserve, as designated by the Commission of NEW Water.

5.0 DEFINITIONS: (Not Used)

6.0 PROCEDURE: (Not Used)

7.0 POLICY VIOLATION: (Not Used)