



DebtBook

Highlights of Great Debt & Lease Management Practices

SPEAKERS



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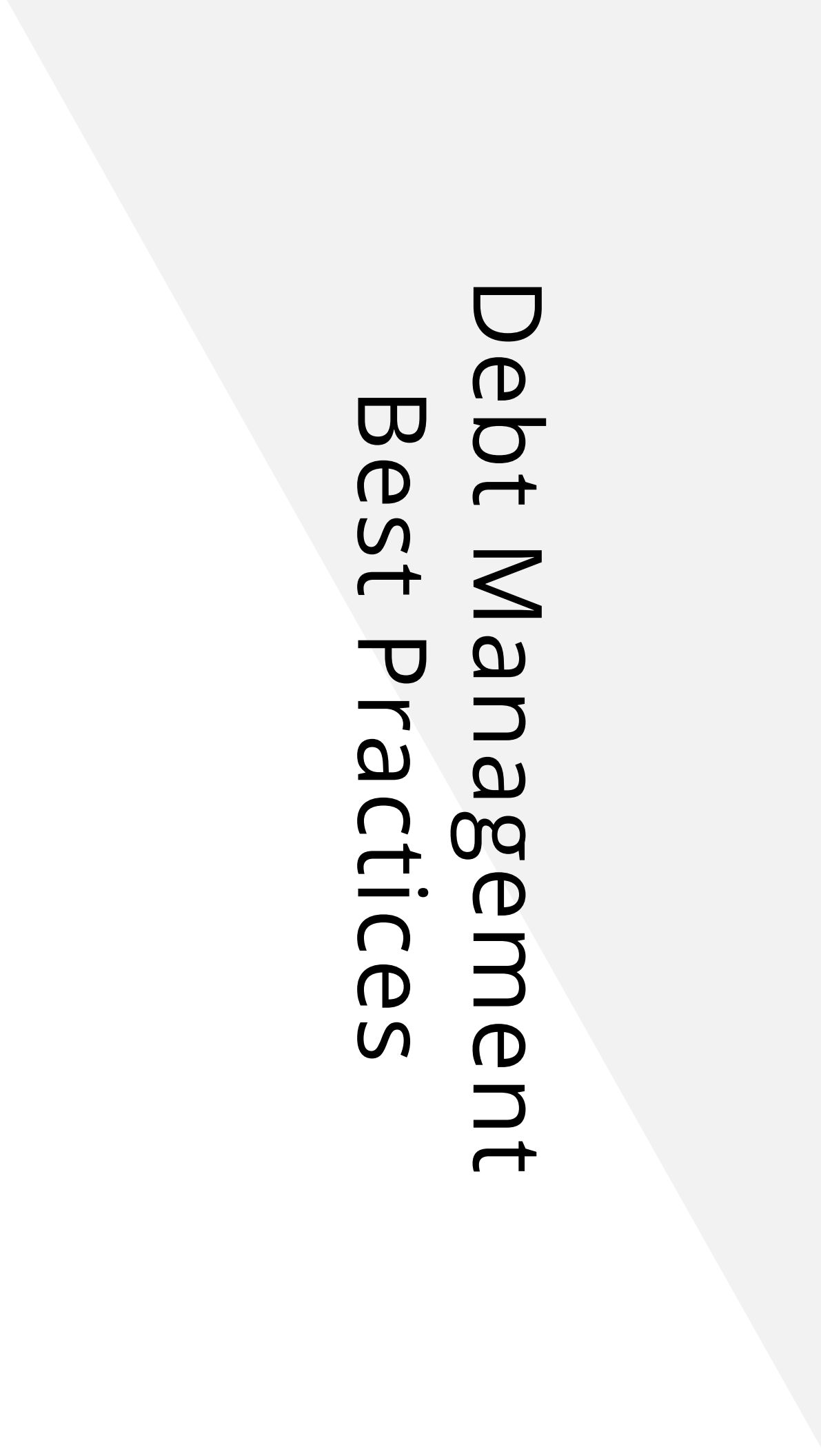
Kevin Yokim, CPA, CGFO

Assistant City Manager,
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AGENDA

Learn how local governments have leveraged technology to effectively manage their debt and leases, drive efficiency, improve collaboration, increase transparency, and enable informed decision-making within their organizations:

- 1 Debt Management Best Practices
- 2 Lease Management Best Practices

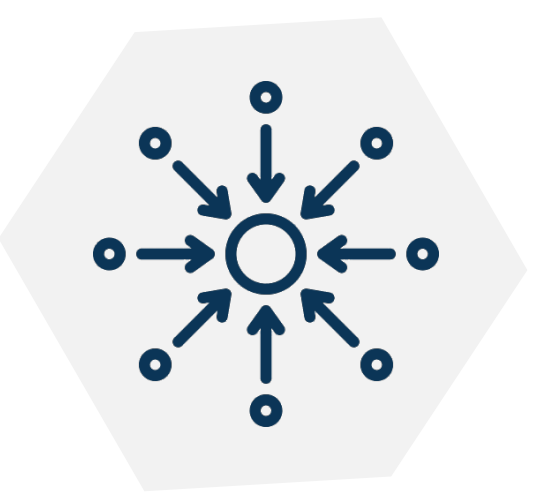


Debt Management Best Practices

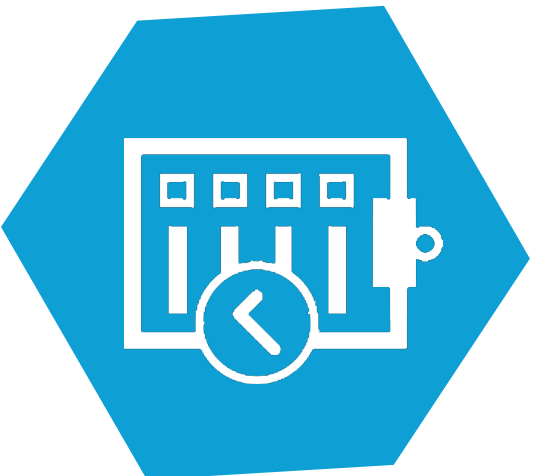
#1: Centralize Your Information

A best-in-class debt management process should have:

- Accurate data that can be easily accessed internally and externally
- A password protected worksheet or centralized software solution
- Good organization that will enable a smooth audit



#2: Create a Process for Managing Changes



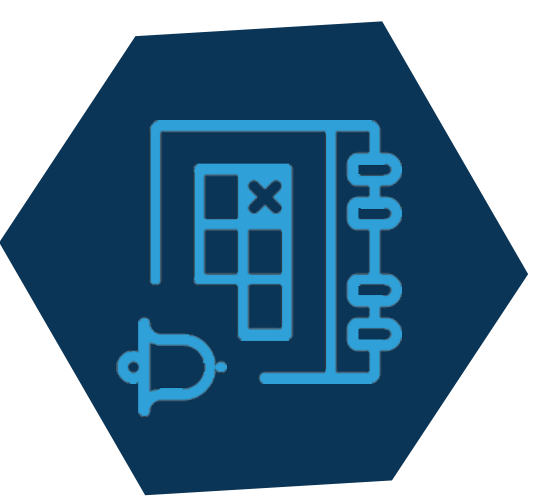
- Consider a checklist as a part of the transaction close process that identifies and updates all internal data systems
- Document changes as they happen – you will want a before and after copy
- Clarify who is responsible for which roles, tasks, and processes

#3: Understand Disclosure Responsibilities

When you borrow money, you're likely agreeing to provide some disclosure information on an ongoing basis:

- Annual reports
- Event-based disclosures (new issuance, rating change)

Tip: Use a calendar reminder system and document all disclosure responsibilities for each issue



#4: Make Sure You're Thinking About Rebate

While unlikely when investment rates are low, you don't want to mess this up

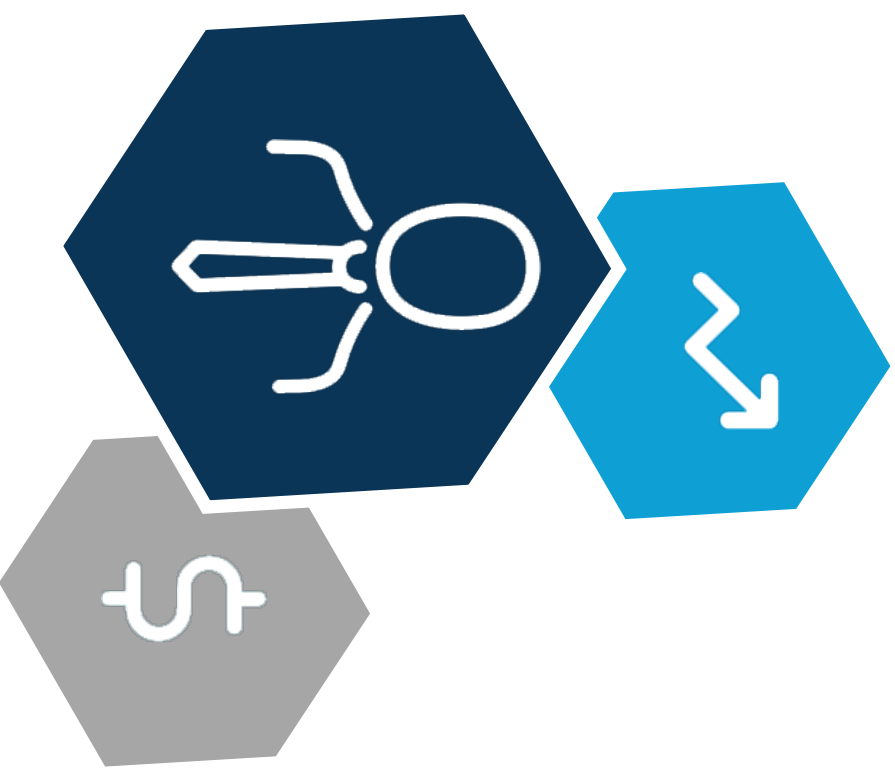


Consider having a rebate processional review your agreements and identify any potential issues

#5: If Rates are Low, Watch for Refundings

Financial advisors will track these refunding opportunities as a part of their service to you.

You can ask them to update a refunding scan of your debt with a regular cadence and present this information to your board.



#6: Consider Cash Funding Between Financings

- 1 Cash funding or using a short-term bank loan between larger financings might help you simplify your debt profile.
- 2 Potentially reimburse yourself from loan or bond proceeds later (make sure you talk with a lawyer about these rules!)

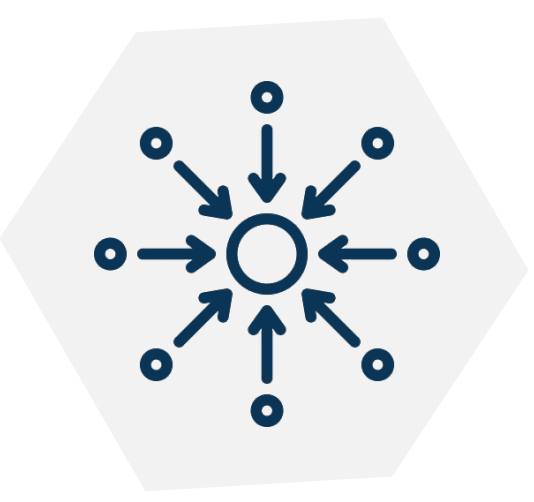
Don't end up with a new issue for every project you're trying to fund – there is a better way.

Lease Management Best Practices

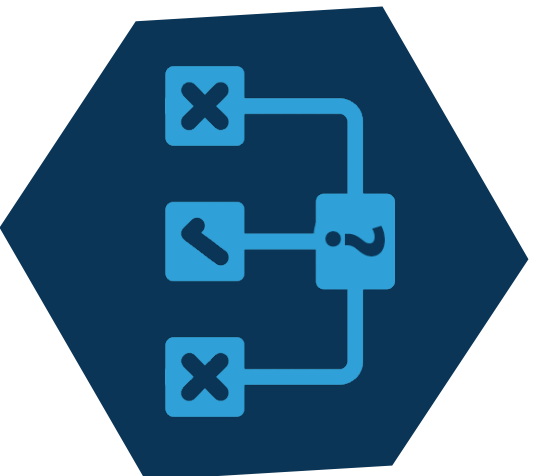
#1: Centralize Your Information

Just like debt, a best-in-class lease management process should have:

- Accurate data that can be easily accessed internally and externally
- A password protected worksheet or centralized software solution
- Good organization that will enable a smooth audit



#3: Create a System to Collect Leases

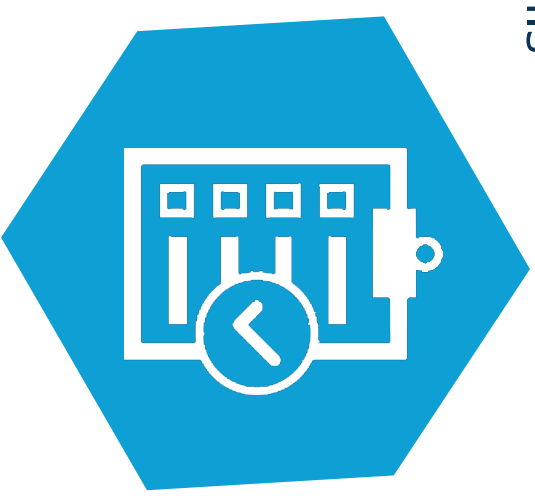


- Identify who has the ability to enter into a new lease
- Build internal questionnaires and document their responses
- Consider a centralized knowledge base documenting what is and is not a lease

Tip: Think ahead: Have **GASB-96** in mind!

#4: Extract the Data

- Create a checklist for data extraction
- Include those who are familiar with contract details
- Watch for embedded leases, airport leases, cell tower leases, etc.



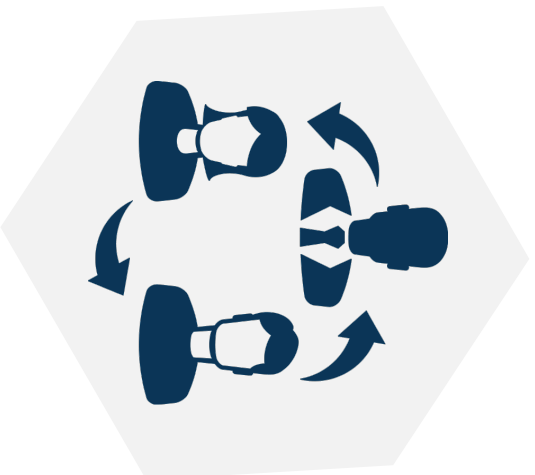
#5: Plan for the Incremental Borrowing Rate

**Stated
Rate**

**Implicit
Rate**

**Incremental
Borrowing
Rate**

#6: Have an Internal Review Process



- Identify who will be the internal reviewer(s) well in advance
- Make sure all assumptions are properly documented with support
- Consider time and personnel constraints and evaluate using an outside specialist

#7: Have an External Review Process

- An external reviewer can provide a fresh set of eyes
- Identify who this reviewer will be and schedule early
- Consider the cost

Tip: A CPA will do this on a recurring basis



QUESTIONS?



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