

POLICY

Title of Policy:	Debt Service Reserve Policy
Policy Number:	0101-03-01
Author (position):	Director of Business Services
Owner (position):	Director of Business Services
Approved By:	<input checked="" type="checkbox"/> Commission -OR- <input type="checkbox"/> Executive Director
Adoption Date:	September 14, 2009
Last Review Date:	April 10, 2023
Last Approved Revision Date:	April 19, 2023

1.0 PURPOSE:

- 1.1 The purpose of this Policy is to assist NEW Water, the brand of the Green Bay Metropolitan Sewerage District, 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 and the Clean Water Fund Program to meet the required debt obligation payments of NEW Water. This includes conforming to investment limitations.
- 4.2 NEW Water will establish the annual principal and interest amounts required to meet its debt service obligation payments during the budget approval process for the following year.
- 4.3 The Debt Service Reserve will be replenished through the annual budget process or a transfer from the Plant Capital Replacement Reserve.
- 4.4 In September of each budget year, the Debt Service Reserve will be set at a fund balance equal to the required debt obligation payments for the next budget year, plus \$0.5 million and any identified offsets.
- 4.5 In the beginning of each budget year, any excess reserve funds may be moved to the Plant Capital Replacement Reserve.

4.6 Interest proceeds will be allocated based on the Investment Interest Use Policy.

5.0 DEFINITIONS: (Not Used)

6.0 POLICY VIOLATION:

6.1 Employees who violate this policy may be subject to disciplinary action based on the guidelines of the Disciplinary Policy.