



Memorandum

TO: Richard McNabb, Mayor
City Council Members

FROM: Crystal Postell, Finance Director

CC: Stevie L. Cox, City Manager

DATE: May 21, 2025

REF: Approval and Adoption of the Debt Management Policy

Summary:

The purpose of the Debt Management Policy is to establish clear thresholds and guidelines to ensure that the City of Trinity utilizes debt in a prudent and responsible manner. This policy is designed to strengthen the City's decision-making process regarding the issuance and management of debt obligations. When used effectively, debt is a valuable tool that enables the City to invest in critical infrastructure and support the long-term growth and prosperity of the community. With this capacity, however, comes the responsibility to manage debt judiciously and transparently.

Background:

Currently, the City of Trinity is designated as a "Distressed" unit due to the Sewer Fund's inability to operate on a self-sustaining basis. To improve the long-term financial health of the Sewer Fund, it is essential that the City maintains prudent debt limits and carefully manages the costs associated with daily operations. Adoption and adherence to a formal Debt Management Policy will support the City's efforts to strengthen fiscal discipline, promote responsible borrowing practices, and enhance the overall sustainability of the Sewer Fund.

Recommendation:

Staff recommend that the Trinity City Council approve and adopt the Debt Management Policy to promote sound financial practices and ensure responsible use of debt in support of the City's long-term fiscal sustainability.

Attachments:

Debt Management Policy

