

## **Debt Management Policy**

### **POLICY OF THE TOWN OF CHEVERLY REGARDING DEBT MANAGEMENT**

The Mayor and Town Council have established, as required by the 2009 state law, the following policy regarding debt management.

The following procedures will be utilized by the Town.

The Town will not use long-term debt to fund current operating costs.

The Town will make its best effort to keep the average maturity of general obligation bonds at or below 20 years.

Total debt service for general long-term debt should not exceed 10 % of total operating revenues.

Total general obligation debt should not exceed 10% of the assessed valuation of taxable property.

The Town Administrator shall be charged with the investment of bond proceeds, which shall be in compliance with all federal and state laws and practices.

The Town Administrator shall be responsible for any/all arbitrage rebate monitoring and filing if necessary.

The Town of Cheverly is granted authority by its Charter to "borrow money on the credit of the town" under Charter Section 23 Powers and Charter Section 24:

§ C-24.~ Authority for borrowing; payment of indebtedness.

(a)~~~The Mayor and Town Council of Cheverly shall have the power to borrow money for any proper public purpose and to evidence such borrowing by the issuance and sale of its general obligation bonds, notes or other evidences of indebtedness in the manner prescribed in this section.

(b)~~~As determined by and provided in the authorizing ordinance of the Mayor and Town Council, the bonds, notes or other evidences of indebtedness of the Town may be issued and sold:

(1)~~~By private (negotiated) sale without advertisement or solicitation of competitive bids or by the solicitation of competitive bids at public sale after publication of the notice of sale in the manner prescribed by public general law;

(2)~~~For a price or prices which may be at, above or below the par value of the bonds, notes, or other evidences of indebtedness;

(3)~~~At a rate of interest or rates of interest that may be fixed or variable or may be determined by a method approved by the Mayor and Town Council; and

(4)~~~For either cash or other valuable consideration.

(c)~~~The Town may enter into agreements with agents, banks, fiduciaries, insurers or others for the purpose of enhancing the marketability of or as security for the bonds, notes or other evidences of indebtedness and for securing any tender option granted to holders thereof.

(d)~~~The power and obligation of the Town to pay any and all bonds, notes or other evidences of indebtedness issued by it under the authority of this section shall be unlimited and the Town shall levy ad valorem taxes upon all the taxable property of the Town for the payment of such bonds, notes or other evidences of indebtedness and interest thereon, without limitation as to rate or amount. The full faith and credit of the Town is hereby pledged for the payment of the principal of and the interest on all bonds, notes or other evidences of indebtedness, hereafter issued under the authority of this section, whether or not such pledge be stated in the bonds, notes or other evidences of indebtedness, or in the ordinance authorizing their issuance.

(Amended by Ord. Number 8-76; Res. Number 3-81; Res. Number 92-1, 2-19-92)

§ C-25.~ Performance of acts necessary to issue and sell debt and to carry out public improvements authorized.

The Mayor and Town Council are hereby authorized to perform all acts not specifically mentioned herein which may be necessary to issue and sell said bonds, notes or evidences of indebtedness authorized by Section C-24 hereof to provide for the payment of the principal thereof and the interest thereon, and to arrange for the planning and construction of roadways, alleys, curbs, sidewalks, gutters, storm sewers, street lighting, bridges, parks, playgrounds, recreation areas and other public improvements, structures and buildings, and for the acquisition of sites therefore, and for the acquisition of equipment to provide essential public services, and for other proper public purposes as provided for herein. The funds derived from the sale of said bonds, notes or evidences of indebtedness, or issuance of tax anticipation notes shall be deposited in some one or more banking institutions in the State of Maryland, and in the case of funds involving assessable improvements, shall be subject to withdrawal by the Town Treasurer only when countersigned by the Mayor and one member of the Town Council.

(Amended by Ord. Number 8-76; Res. Number C-3-91, 10-27-91; Res. Number 92-1, § 2, 2-19-92)