

**RESOLUTION 2009-25**

**A RESOLUTION OF THE COMMISSIONERS OF ST. MICHAELS TO ADOPT  
A DEBT POLICY GUIDELINE FOR THE TOWN OF ST. MICHAELS**

WHEREAS, the Commissioners of St. Michaels, Maryland (hereinafter "the Commissioners"), a body corporate and politic and a political subdivision of the State of Maryland (the "Town"), hereby declares the policies contained herein to be the official Debt Policy of the Town; and

WHEREAS, at all times and in all respects the issuance of debt by the Town of St. Michaels (the "Town") shall conform to, and be executed and accomplished within, all applicable federal, State, and local laws, rules, and regulations, including but not limited to Articles 23A, 24, 31 of the Annotated Code of Maryland and the Charter of the Town of St. Michaels, Maryland as they may be hereinafter amended; and

WHEREAS, the Town shall not use long-term debt to finance current operations; and

WHEREAS, borrowing requirements related to short-term liquidity needs may be undertaken through authority provided in the Town Charter and State law for the issuance of Tax Anticipation Notes; and

WHEREAS, capital projects financed through the issuance of long-term debt shall not be financed for a period longer than the expected useful life of the improvements; and

WHEREAS, as of the effective date of adoption of these Debt Policy Guidelines, the Town has no outstanding variable rate indebtedness and has not entered into any municipal derivatives contracts, including, but not limited to, interest rate exchange agreements (*i.e.*; *swaps*). The Town does not intend to enter into any such arrangements and if it does, shall do so only after consulting with a qualified Financial Advisor and nationally recognized Bond Counsel about the potential risks and benefits of such arrangements.

**SECTION 1**

NOW THEREFORE, BE IT RESOLVED that the Commissioners of St. Michaels hereby adopt the following Debt Ratio Guidelines:

1. The purpose of the debt ratio guidelines is to provide a basis for determining appropriate debt capacity and affordability for the Town.
2. The Town shall strive to maintain tax-supported debt, which excludes any debt considered to be self-liquidating, at a level not to exceed 4.0% of the assessed value of all taxable property located within the Town.

3. The Town shall strive to maintain annual debt service on all tax-supported debt at or below 10% of total annual General Fund expenditures.
4. These Debt Policy Guidelines shall be reviewed and reaffirmed by the Commissioners of St. Michaels at least once every two years. The purpose of such review will be to measure compliance with the guidelines and to maintain consistency with current financial best practices. Any amendments adopted in the future will be transmitted to the State Treasurer's office in accordance with statute.

SECTION 2

BE IT FURTHER RESOLVED that this Resolution shall take effect upon the date of its adoption.

THIS RESOLUTION 2009-25 HAVING BEEN PASSED by the following yea and nay vote of The Commissioners of St. Michaels on the 28th day of October, 2009 at 6:30 o'clock p.m. in the meeting room of the Edgar M. Bosley, Jr. Building, 300 Mill Street, St. Michaels, Maryland.


Brady	-	<u>yea</u>
Clark	-	<u>yea</u>
Dinkel	-	<u>yea</u>
Hunt	-	<u>yea</u>
Snyder	-	<u>yea by absentee ballot</u>

I HEREBY CERTIFY that the above Resolution was passed by a yea and nay vote of The Commissioners of St. Michaels on the 28th day of October, 2009.

ATTEST:

THE COMMISSIONERS OF ST. MICHAELS

  
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 CHERYL S THOMAS,  
 Town Clerk/Manager

By:  (SEAL)  
 Michael W. Brady, President