

COUNCIL OF THE CITY OF ABERDEEN
Resolution No. 14-R-01

Introduced By:	Mayor Michael E. Bennett
Date Introduced:	February 24, 2014
Date Adopted:	February 24, 2014
Date Effective:	February 24, 2014

RESOLUTION NO. 14-R-01

**A RESOLUTION FOR THE PURPOSE OF AMENDING THE
CITY OF ABERDEEN DEBT MANAGEMENT POLICY**

1 **WHEREAS**, the Mayor and Council adopted a Debt Management Policy made
2 effective on October 12, 2009 by passage of Resolution No. 09-R-10; and
3

4 **WHEREAS**, the Debt Management Policy may be reviewed occasionally and
5 revised if necessary; and
6

7 **WHEREAS**, revisions are necessary to update the policy and clauses were
8 recommended by Fitch Ratings about debt service payment limit revisions.
9

10 **NOW THEREFORE, BE IT RESOLVED THAT** the Debt Management Policy
11 of the City of Aberdeen be amended to read as follows:
12

13 * * * *

14
15 **DEBT PAYMENT**

16 Debt payments shall not extend beyond the estimated useful life of the
17 project being financed.
18

19 **TOTAL DEBT SERVICE FOR GENERAL LONG-TERM DEBT**
20 **WILL NOT EXCEED 10% OF TOTAL OPERATING REVENUES.**
21

22 **ENTERPRISE FUND RELATED DEBT AND DEBT SERVICE**
23 **WILL BE SELF-LIQUIDATING OR SUPPORTED BY THE**
24 **REVENUES OF THE ENTERPRISE FUND.**
25

26 The City may set user fees to cover the capital costs of enterprise funds.
27

28 * * * *

1 EXCEPTIONS

2 Exceptions to the debt policy may be made by the **MAYOR AND** City Council for
3 projects that are mandated by judicial or regulatory authorities, or for emergency
4 situations.

5
6 * * * *

7
8 DEBT POLICY ADOPTION

9 The City's debt policy shall be adopted, by resolution, by the ((City's legislative
10 authority)) **MAYOR AND CITY COUNCIL**.

11
12 * * * *

13
14 **BE IT FURTHER RESOLVED THAT** this Resolution shall take effect from
15 the date of its passage, attached hereto in final form as **Exhibit A**.

EXPLANATION:
BOLD CAPITALS INDICATE MATTER ADDED.
((Double Parenthesis)) indicate matter deleted.
* * * indicate existing unmodified text omitted.

EXHIBIT A

CITY OF ABERDEEN, MARYLAND

DEBT POLICY

POLICY

It is the policy of the City of Aberdeen to obtain long-term debt in a prudent manner that is most economically favorable to the City and conforming to all federal, state, and local regulations and requirements governing the issuance of debt.

SCOPE

This debt policy applies to all long-term financing of the City of Aberdeen.

USE OF LONG TERM DEBT

The City will only use long term debt for capital projects that cannot be financed out of current revenues.

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

Total general obligation debt should not exceed 15% of the assessed value of taxable property.

DEBT PAYMENT

Debt payments shall not extend beyond the estimated useful life of the project being financed.

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

Enterprise fund related debt and debt service will be self-liquidating or supported by the revenues of the enterprise fund.

The City may set user fees to cover the capital costs of enterprise funds.

LEASE PURCHASE & STRAIGHT LEASE OF CAPITAL ITEMS

Lease purchase will be considered only when the useful life of the item is equal to or greater than the length of the lease. If the item may become technologically obsolete or

1 is likely to require major repair during the lease purchase period, then the item should be
2 either purchased or placed on a straight lease.

3
4
5 **REVIEWS**

6 The debt policy may be reviewed occasionally and revised if necessary.
7

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9 **EXCEPTIONS**

10 Exceptions to the debt policy may be made by the Mayor and City Council for projects
11 that are mandated by judicial or regulatory authorities, or for emergency situations.
12

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14 **ANNUAL FINANCIAL AUDIT**

15 The City shall have an annual financial audit conducted by an independent auditor, to
16 assure compliance with the policy.
17

18
19 **RELATIONSHIP WITH RATING AGENCIES**

20 The City will maintain good communications with bond rating agencies concerning its
21 financial condition. A copy of the City's annual financial report will be sent to such
22 companies upon request.
23

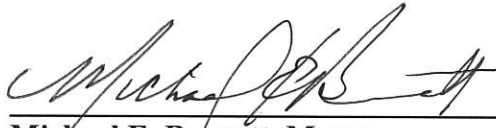
24
25 **DEBT POLICY ADOPTION**

26 The City's debt policy shall be adopted, by resolution, by the Mayor and City Council.
27

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29 **EFFECTIVE DATE**

30 The resolution shall become effective immediately after passage.

COUNCIL OF THE CITY OF ABERDEEN



Michael E. Bennett, Mayor



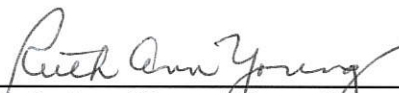
Ruth E. Elliott, Councilwoman



Bruce E. Garner, Councilman



Sandra J. Landbeck, Councilwoman



Ruth Ann Young, Councilwoman

ATTEST:

SEAL:



Monica A. Correll, City Clerk



Date