

## BOARD OF SELECTMEN

### Debt Policy

Original Date: October 14, 2008

Amended: December 23, 2008

2008-4

The Board of Selectmen of the Town of Wellfleet hereby establishes and adopts this Debt Policy. The purpose of this policy is to outline the considerations the administration of the Town of Wellfleet should apply when considering debt funding of capital projects. These considerations are designed to avoid the possibility of the Town assuming debt that would excessively overburden taxpayers or results in a substantial decrease of the Town's bond rating. The Town should carefully research, identify, and agree to work with only highly-rated institutions.

The Board of Selectmen recognizes that a prudent Capital Improvement Plan (CIP) will serve to avoid excessive maintenance and repair costs, and reduce the need for sudden and unexpected capital expenses that may have an adverse impact on the Town's operating budgets. The Capital Improvement Plan will be a minimum of five years of projected capital projects that reflect the prioritized needs of the Town, subject to the anticipated funding provided by this Policy. This CIP will be presented annually to the Board of Selectmen and the Finance Committee by the Town's financial staff.

The Board of Selectmen also encourages a prudent use of debt so as to spread out the cost of large capital assets over a period of time that should not exceed the expected useful life of the asset.

Long-term debt should be issued only for capital projects or assets that have a long useful life. It should be issued to pay for the cost of significant infrastructure and capital projects, such as road construction, building construction, and land purchases. Long term debt should not be issued for recurring, small capital purchases with a useful life of less than five years.

The Town should attempt rapid debt repayment schedules. The Town shall strive for a rapid repayment schedule of ten years or less. This ensures cost savings to the community and seeks to avoid strapping future generations with large debt obligations. This policy recognizes that capital needs continue and that new debt will continue to be identified and issued.

Long-term debt should not be incurred without a clear identification of its financing sources. Long-term debt is generally utilized to fund capital projects that have a long useful life and are relatively expensive. Because of the debt service costs and annual appropriations necessary to retire this debt, there should be clear knowledge and commitment of revenue sources available to pay these costs.