

Charter Township of Bloomfield
Debt Management Policy
Date Last Updated: March 2021
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Purpose

The purpose for this Debt Management Policy for the Charter Township of Bloomfield is to assist in the prudent administration of any debt which might be required. In addition, the adoption of this policy will provide for a common understanding between elected officials and staff regarding debt financing. Another benefit of following this Debt Management Policy will be the maintenance of a credit rating beneficial to the Charter Township of Bloomfield. Finally, the Debt Management Policy will help to facilitate sound Capital Budgeting and Capital Expenditure procedures.

Debt Limits

General Obligation Debt - There are two types of general obligation debt: limited tax general obligation debt and unlimited tax general obligation debt. Limited tax general obligation debt includes a pledge of the full faith and credit of the taxing power of the Charter Township of Bloomfield within existing tax rate limits. Unlimited tax general obligation debt may be secured by a pledge of the full faith and credit of the taxing power of the Charter Township of Bloomfield beyond existing tax rate limits, and generally requires voter approval. General obligation debt is normally limited to ten percent of State Equalized Value.

Revenue Bonds - Revenue Bonds will be considered when there is a definable revenue source which could be used to pay the debt. Revenue Bonds normally must meet certain bond covenants stipulated by the lender. Certain debt ratios such as pledged revenues to debt service may also be required to be reported.

Short Term Borrowings - Short term borrowings such as tax anticipation notes may be considered as authorized by State statute. These notes are limited to not more than one year in duration.

Debt Issuance Practices

Bonds will be sold on a competitive basis unless it is in the best interest of the Charter Township of Bloomfield to conduct a negotiated sale or private placement. Competitive sales will be the preferred method. Negotiated sales and private placements may occur when selling bonds for a defeasance of existing debt, for refunding of debt, to save on issuance costs of a smaller debt issue, or for other appropriate reasons, as determined by the Township Board following consultation with the Township's municipal advisor and bond counsel.

The Charter Township of Bloomfield will engage a municipal advisor and bond counsel to assist in the issuance of debt.

The Charter Township of Bloomfield will obtain a rating from at least one nationally recognized rating agency for each debt issuance. A rating may not be required based on the dollar amount of the debt issuance. If this occurs the Charter Township of Bloomfield with consultation of a municipal advisor has the option to forego a rating. In some circumstances, a bond issuance may be close enough to a previous bond issuance which allows the previous rating to be used again for the new issuance. The Charter Township of Bloomfield under consultation with a municipal advisor may choose to use the previous rating.

Debt Issued to Fund Capital Projects – The maximum term of the debt issued to fund any capital project shall not exceed the useful life of the asset being financed.

Debt Issued to Refund Existing Debt - In order to refund a bond issue, the Charter Township of Bloomfield shall obtain a minimum savings level of 3.00% percent of the bonds to be refunded.

Debt Management Practices

The Charter Township of Bloomfield will invest debt proceeds separately from other Charter Township of Bloomfield funds and as provided for in each debt authorizing resolution or ordinance.

The Charter Township of Bloomfield shall comply with all continuing disclosure requirements under Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended. The Charter Township of Bloomfield's municipal advisor shall be responsible for completing the continuing disclosure requirement on behalf of the Charter Township of Bloomfield.

The Charter Township of Bloomfield shall report and make any necessary filings to the Michigan Department of Treasury within 15 business days of completing the issuance of any municipal security, as required under 2001 PA 34 or 2002 PA 470, as applicable. The Charter Township of Bloomfield's bond counsel shall be responsible for submitting any such report and filings on behalf of the Charter Township of Bloomfield, provided that the Township will be responsible for any related filing fees.

The Charter Township of Bloomfield shall monitor its compliance with federal tax law requirements for tax-exempt bonds. The Charter Township of Bloomfield's bond counsel shall be responsible for advising the Charter Township of Bloomfield on requirements to comply with arbitrage and rebate rules under federal tax law.