



The Finance Committee proposes the Town establish the following Debt Management Policy. Having a debt limit policy will help maintain Harvard's AAA bond rating in the face of our current high debt load. This policy was developed after reviewing similar policies in place from Westford, Bedford, Wakefield, Norwell, Needham, Amherst, Dedham, Sudbury, and Carlisle. Lori Bolasevich helped develop these policies with recommendations of the Town's Financial Advisor, Hilltop Securities.

- 1) Proceeds from long-term debt will not be used for current, ongoing operations.
- 2) The Town will strive to limit total debt service, including debt exclusions and self-supporting debt, to 10% - 12% of expenditures, with the goal to lower the amount to below 10% by FY30, and limit annual increases in debt service to a level that will not materially jeopardize the Town's credit rating.
- 3) Projects with balances remaining after project completion shall be reviewed annually and excess balances shall be appropriated to other capital projects in accordance with MA General Law Chapter 44, Section 20.
- 4) Authorized unissued debt remaining after a capital project has been completed shall be presented to Town Meeting for rescission, and the Town will periodically review outstanding issues for refunding opportunities.
- 5) The Town will pay for projects costing less than \$100,000 with operating revenues or other available reserves, and will issue bonds/notes through a competitive bid process unless market conditions or other special circumstances make a negotiated sale more beneficial.
- 6) The borrowing term for a project will not exceed the useful life of each asset or improvement, bond issues will not exceed 30 years, and debt will be paid as rapidly as appropriate in order to reduce the total amount of interest.
- 7) Issuing new debt should coincide as much as possible with the retiring of old debt to minimize year-to-year tax fluctuations on our residents, and correspond to the Town Capital Planning and Investment Committee's long term plan for projects.
- 8) Issuing and structuring debt is the responsibility of the Treasurer under MA General Law. The Treasurer and Finance Director, under the direction of the Town Administrator and the approval of the Select Board, will finance projects voted by Town Meeting with the advice of an outside financial advisor specializing in municipal debt, if needed.
- 9) The Town is addressing its pension and OPEB liabilities with an annual budget line item appropriation.
- 10) The Town monitors post issuance compliance of the spending and private use of each project financed with tax exempt bonds, and these policies are subject to annual review and revision as needed.