

**TOWN OF BRATTLEBORO
DEBT MANAGEMENT GUIDELINE**

PURPOSE. The purpose of this guideline is to establish benchmarks for the issuance of debt by the Town of Brattleboro. Debt levels and related annual debt service expenditures are important long-term obligations that must be managed with available short and long-term resources. Based on current and reasonably anticipated future circumstances, this guideline also addresses the level of indebtedness that the Town can reasonably expect to incur without jeopardizing its existing financial position.

Adherence to a debt management guideline, along with the utilization of other sound and prudent financial practices and the Town's other financial policies will assure the lending market that the Town is well managed and will meet its obligations in a timely manner.

PLANNING AND PERFORMANCE. Debt management means adopting and maintaining financial plans for both the issuance and repayment of debt. The determination to issue new debt should be made as part of the adoption of the annual capital budget, which prioritizes capital projects and identifies the various funding sources available for those projects, or other special meetings covering other long-term projects. Planning for the repayment of debt will include analysis of the operating budget to determine if the General Fund can support the additional debt service required by the new debt.

USE OF SHORT-TERM AND LONG-TERM DEBT. Short-term debt should be limited to cover short-term, temporary cash flow shortages within the Town's fiscal year through the use of tax anticipation notes in those instances where there is an inadequate level of cash flow, or through the use of bond anticipation notes when cash is required to initiate a capital project prior to the receipt of bond proceeds. The Town Manager, Finance Director and Selectboard should manage the Town's finances so as to avoid the use of short-term debt when possible.

Long-term debt should be used for the acquisition, construction or improvement of land, buildings, infrastructure and public improvements that cannot be financed from current revenues or other resources. Current year budget appropriations, accumulated reserve funds in excess of established target levels and other available revenue sources should be used to minimize the amount of long-term borrowing that is required.

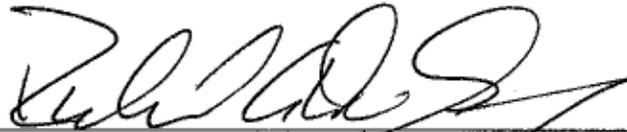
PURPOSE OF DEBT. General obligation debt funded by general fund property taxes and other available revenue sources shall be used for projects that provide a general benefit to Town residents and that cannot otherwise be self-supporting. Debt incurred for use by an enterprise fund, even if backed by a general obligation pledge of the Town, shall be self-supporting and repaid solely from the revenues of such fund, unless a general benefit to Town residents can be demonstrated.

REPAYMENT OF DEBT. The Finance Director, in conjunction with the Town Manager and Selectboard will conservatively project the revenue sources that will be utilized to repay any debt and will analyze the impact on the voters of both the additional debt service as well as any operating expenses resulting from the improvement to determine if new debt should be issued and to structure the appropriate repayment terms for each debt issue. The maturity of long-term debt shall be kept as short as possible to minimize the overall impact on the taxpayers during the life of the debt. At the same time, it should not be so short that the repayment will create an unreasonable burden. In no event shall the life of the debt exceed the life of the improvement being financed.

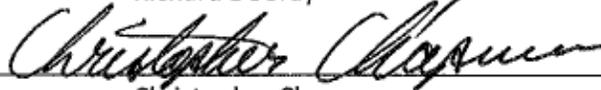
DEBT RATIOS. The following guidelines will be used when determining if debt should be issued:

1. Total General Fund indebtedness per capita should not exceed \$1,500.00 per capita.
2. Total General Fund debt service (principal and interest) as a percentage of total General Fund expenditures should not exceed 12.5%.

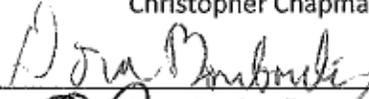
The foregoing guideline is hereby adopted by the Selectboard of the Town of Brattleboro, Vermont, this 6th day of November, 2012 and is effective as of this date until amended or repealed.



Richard DeGray



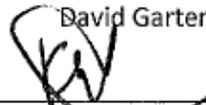
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