



Meridian Township Debt Management Policy

A. Purpose

The Township recognizes the foundation of any well-managed debt program is a debt management policy. A debt management policy sets forth the parameters for issuing debt and managing the outstanding debt portfolio and provides guidance to decision makers regarding the purposes for which debt may be issued, types and amounts of permissible debt, timing and method of sale that may be used, and structural features that may be incorporated.

Adherence to this debt management policy helps to ensure that the government maintains a sound debt position and that credit quality is protected.

It is in the financial interest of the Township to maintain a debt management policy to:

- Ensure high quality debt management decisions;
- Impose order and discipline in the debt issuance process;
- Promote consistency and continuity in the decision making process;
- Demonstrate a commitment to long-term financial planning objectives, and
- Ensure that the debt management decisions are viewed positively by rating agencies, investment community and taxpayers.

B. Implementation

The Township's debt management policy shall be implemented in accordance with the following guidelines:

- It is Meridian Township's policy not to incur debt unless we have a dedicated millage or revenue source to pay down the debt;
- Full and timely payment of principal and interest on all outstanding debt;
- Debt shall be incurred only for those purposes as provided by State Statute;
- Capital improvements should be developed with the capital improvement budgeting process and paid for without financing or debt whenever possible;
- Principal and interest retirement schedules shall be structured to: (1) achieve a low borrowing cost for the Township, (2) accommodate the debt service payments of existing debt and (3) respond to perceptions of market demand. Shorter maturities shall always be encouraged to demonstrate to rating agencies that debt is being retired at a sufficiently rapid pace;
- Debt incurred shall be limited to obligations with serial and term maturities;
- The average life of the debt incurred may not be greater than the projected average life of the assets being financed;
- The Township shall select a method of sale that shall maximize the financial benefit to the Township. So long as the Township remains a credit rating of A or better sales shall be

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- competitive. All methods of sale shall be subject to Township Board approval;
- The Township shall maintain good communications with bond rating agencies to ensure complete and clear understanding of the credit worthiness of the Township; and
 - Every financial report, bond prospectus and Annual Information Statement ("AIS") shall follow a policy of full, complete and accurate disclosure of financial conditions and operating results. All reports shall conform to guidelines established by the Debt Policy, the Securities and Exchange Commission ("SEC") and the Internal Revenue Service (IRS) to meet the disclosure needs of rating agencies, underwriters, investors and taxpayers.

C. Financing Alternatives/Pay-As-You-Go

The Township shall assess all financial alternatives for funding capital improvements prior to issuing debt. Pay-as-you-go financing shall always be considered before issuing any debt. Pay-as-you-go financing may include: Inter-governmental grants from federal, state and other sources; current revenues and fund balance; private sector contributions; public/private partnerships; and leasing payments.

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