

**TALBOT COUNTY
PUBLIC SCHOOLS
EASTON, MD 21601**

**POLICY CODE
4.15
APPROVED: 10/16/13**

DEBT MANAGEMENT

The debt policy recognizes a binding commitment to full and timely repayment of all debt. Adherence to the debt policy assists in assuring that Talbot County Public Schools maintains a sound debt position and the credit quality is protected and enhanced.

This policy is limited to lease obligations of the Board and the debt incurred from the underfunding of the Maryland State Retirement System Employees Pension Plan in 1995. This policy does not include debt incurred on the Board's behalf by the State of Maryland or the Talbot County Government to fund any planned capital improvements of the Board.

The Board shall determine whether it will enter into a lease obligation, upon the recommendation of the Superintendent/designee. The Superintendent/designee is responsible for the management of the lease obligation.

The source of repayment for the lease finance transactions will be an appropriation of the budget of the Board and secured by the underlying goods purchased. Whenever possible, all lease finance transactions will be issued on a tax-exempt basis and source via a Request for Proposal (RFP). The Board will comply with the United State Internal Revenue service regulations governing tax-exempt debt.

For all proposed debt offerings, the source of repayment will be of sufficient duration and annual amount as to fully liquidate the debt within the life of the secured asset.

The Superintendent/designee is responsible for ensuring compliance with the standards of this policy.