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DEBT LIMITATIONS POLICY

This policy is intended to specify the restrictions and/or limits on the use of debt.

Allowable Uses **-** The City of Ketchum will seek voter authorization to issue general obligation debt only for essential projects, after it is determined that the project costs are appropriate for multi-year financing and that the bonds are not subject to any other exceptions to constitutional and statutory bond referendum requirements. In addition, such authority will be sought only after it is determined by City Council that no other funds are available to meet the projected costs. Lease purchase financing and Certificates of Participation will only be undertaken when the project is considered essential to the efficient operation of the City or as allowed by law.

The City will favor the use of limited obligation revenue bonds to finance capital improvements as a means of insuring that beneficiaries of an enterprise-type operation pay for a fair share of the costs to maintain a City service.

Proceeds from long-term debt will not be used for current, ongoing operations.

Debt Level and Capacity – In accordance with state law, the City will not issue general obligation bonds or incur other tax-supported indebtedness for any purpose in an amount which, with all outstanding and unpaid indebtedness, will exceed two percent (2%) of the taxable market value of the property subject to taxation as determined by the last assessment.

The City’s annual debt service level (as opposed to total amount outstanding) may be limited at the discretion of the City Council based on other debt capacity indicators such as a percentage of fund revenue or expenditures and per capita ratios that assess the community’s ability to pay.

Limitation on Maturity - The term of any debt issuance shall not exceed the useful life of the project, facilities or equipment financed with proceeds of the debt issuance and in no case exceed 30 years.