



SUBJECT: LONG TERM DEBT MANAGEMENT

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1. PURPOSES

- Long term debt shall only be issued as partial funding for the following capital projects:
 - a) Construction of new buildings
 - b) Expansion or major repurposing of existing buildings

2. TERM

- Goal will be to issue for a fifteen (15) year term
- Director of Finance/Treasurer may recommend for Council's approval, a ten (10) or twenty (20) year term, that takes into account factors such as:
 - current and forecasted interest rates
 - amount of the debt required
 - future debt retirements and requirements

3. MAXIMUM DEBT PER PROJECT

- a) Definition – Total Cost of Construction; includes contract administration, furniture, fixtures and equipment, but excludes design fees and land acquisition costs
- b) Internal Debt Only
 - 100% debt funded to a maximum of \$3.0M per project
- c) Combination of Internal & External Debt
 - Shall not exceed 30% of the Total Cost of Construction

4. EXTERNAL AND INTERNAL BORROWING

- d) Debt may be issued in two ways:
 - External - a debenture issued by the Region of Durham
 - Internal - borrowing from the Town's discretionary reserves; requires approval by the Region of Durham
- e) Allocation Between External and Internal Debt
 - Will vary for each long term debt issuance
 - Director of Finance/Treasurer will recommend allocation for Council approval

