

Resolution No. 09-06  
Introduced: September 9, 2009  
Adopted: September 9, 2009  
Effective Date: September 9, 2009

**RESOLUTION OF  
THE TOWN OF CHEVY CHASE**

SUBJECT: RESOLUTION TO ADOPT DEBT POLICY

WHEREAS, Article 95, Section 22F of the Maryland Code, as amended by Chapter 693 of the Acts of the General Assembly of Maryland, Session of 2009, directs each local government to adopt a local debt policy;

WHEREAS, the Town Council finds that a debt policy can help to ensure maintenance of a sound debt position and the protection of the Town's credit; and

WHEREAS, the Council finds that adopting the following debt policy would promote the good government of the Town and protect and preserve the Town's rights, property, and privileges, and for the protection and promotion of the health, safety, and welfare of the residents of the Town.

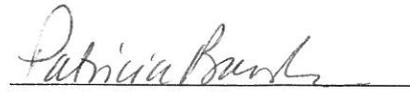
NOW, THEREFORE, it is, this 9<sup>th</sup> day of September, 2009, by the Town Council:

RESOLVED, that Sections 515 through 517 of the Town Charter, as may be amended from time to time, is hereby adopted as the Debt Policy of the Town of Chevy Chase;

RESOLVED, that this Resolution shall become effective on September 9, 2009; and it is further,

RESOLVED, that a copy of this Resolution shall be mailed by certified mail to the Maryland State Treasurer.

I, Patricia Burda, Secretary of the Town Council, hereby certify that the foregoing Resolution was adopted by the Council at its meeting on September 9, 2009.

  
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Patricia Burda, Secretary

**Section 515. Tax anticipation borrowing.**

During the first six (6) months of any fiscal year, the town may borrow in anticipation of the collection of the property tax levied for that fiscal year, and may issue tax anticipation notes or other evidences of indebtedness as evidence of such borrowing. Such tax anticipation notes or other evidences of indebtedness shall be a first lien upon the proceeds of such tax and shall mature and be paid not later than six (6) months after they are issued. No tax anticipation notes or other evidences of indebtedness shall be issued which will cause the total tax anticipation indebtedness of the town to exceed fifty (50) percent of the property tax levy for the fiscal year in which the notes or other evidences of indebtedness are issued. All tax anticipation notes or other evidences of indebtedness shall be authorized by ordinance before being issued. The council shall have the power to regulate all matters concerning the issuance and sale of tax anticipation notes.

**Section 516. Borrowing of money.**

(a) The council is hereby authorized and empowered to borrow such sums of money as, in its opinion, may be necessary from time to time for any public purpose of the town whatever, to evidence such borrowing by the issuance of bonds, notes or certificates of indebtedness and, notwithstanding any other statutory limitations, to provide for the levy and collection of all taxes necessary and sufficient for the payment of the principal and interest on said bonds, notes or certificates of indebtedness, as the same respectively mature and are payable or necessary for the payment of such interest and to create a sinking fund for the payment of said bonds, notes, or certificates of indebtedness upon maturity.

(b) No funds shall be borrowed hereunder and no bonds, notes or certificates of indebtedness shall be issued hereunder, if, by such issuance, the total sum or sums of such bonds, notes or certificates of indebtedness, plus the sums of all outstanding and unpaid bonds, notes or certificates of indebtedness issued hereunder prior thereto shall exceed three (3) percentum of the then full cash value of all real property taxable by the council at the full tax rate of the town. In determining whether said debt limitation shall have been reached at any time, the town shall not take into account any of its indebtedness other than that incurred pursuant to the authority hereof, nor shall it take into account any bonds, notes or certificates of indebtedness issued in pursuance of said authority which have been retired at maturity or purchased by it in advance of maturity.

(c) Such bonds, notes or certificates of indebtedness shall be in such form as may be prescribed by the council, shall be signed by the mayor and the treasurer and shall be free from all state, county and local taxation. Such bonds or other obligations shall be sold or negotiated by the council for the best price obtainable after public advertisement, but shall not be sold or negotiated for less than their par value with accrued interest and the proceeds thereof shall be paid over to the treasurer, who is charged with the custody of any moneys received from the issue or sale of such bonds, notes or certificates of indebtedness, which funds shall be kept as a separate account and shall be used to pay for the cost of the improvements for which they were respectively collected or to liquidate the bonds, notes or certificates of indebtedness issued therefor, as shall be directed by the council. Such bonds, notes or certificates when paid, shall be cancelled and properly kept and filed as a part of the records of the town.

(d) Before the council shall borrow any money or issue any bonds, notes or certificates of indebtedness in excess of one (1) percentum of the then annual value of all real property taxable by the council at the full tax rate of the town, it shall call a special meeting of the resident registered qualified voters, such meeting to be held after giving at least ten (10) days written notice thereof to each of such resident registered qualified voters, by depositing said notice in the United States Post Office addressed to the last-known address of such resident registered qualified voters, which notice shall contain a statement of the purpose of such proposed indebtedness and the approximate amount thereof and the rate or rates of interest payable thereon and the time and place of said meeting. At such meeting the question of borrowing such money and the issuance of bonds or other obligations shall be submitted to such resident registered qualified voters and the voting thereon shall be by ballot. Each ballot shall contain the words "For Bonds" and "Against Bonds". If a majority of the resident registered qualified voters present and voting at such meeting shall vote in favor of the borrowing of such money and the issuance of such bonds, notes or certificates of indebtedness, the council of the town shall proceed in accordance with such authorization; provided, however, that if a majority of resident registered qualified voters present at such meeting shall vote against the borrowing of money and the issuance of bonds or other obligations, the council of the town shall be authorized, in its discretion, to call another meeting at a date not less than two (2) months thereafter, at which time the same or an alternative proposition for borrowing

money and issuing bonds or other obligations may be submitted to such resident registered qualified voters.

(Res. No. 01-002, 10-10-01; Res. No. 07-22, § 1, 1-9-08)

**Section 517. Payment of indebtedness.**

The power and obligation of the town to pay any and all bonds, notes or other evidences of indebtedness issued by it under the authority of this charter shall be unlimited and the town shall levy ad valorem taxes upon all taxable property of the town for the payment of such bonds, notes, or other evidences of indebtedness and interest thereon, without limitation of amount. The faith and credit of the town is hereby pledged for the payment of the principal of and the interest on all bonds, notes, or other evidences of indebtedness issued under the authority of this charter, whether or not such pledge be stated in the bonds, notes, or other evidences of indebtedness, or in the ordinance authorizing their issuance.



