

Debt Policy

The College will avoid the use of debt except when necessitated by cash flow or other emergency situations or for capital leasing or financing of personal property including equipment, machinery, and fixtures for the operation of the College on terms and conditions that the Board of Trustees considers proper. Capital leasing or financing will not be for a term more than the useful life of the items leased or financed. In the event Hagerstown Community College does issue debt, it will not use variable rate debt instruments, interest rate exchange agreements or swaps, and other derivatives including futures and options.

The College President will make a recommendation to the Board of Trustees for approval by a majority of its members.

The College will continue to maintain regular communications with the Washington County Commissioners about its financial condition and will follow its historical practice of full and open disclosure on financial reports.

Background

The Board of Trustees of Hagerstown Community College is required, pursuant to Article 95, Section 22F(d) of the Annotated Code of Maryland to adopt a debt policy that is consistent with the Maryland Constitution, Articles 23A, 24 and 31 of the Annotated Code of Maryland and all other applicable statutes, charters and local laws. Borrowing authority is limited by the applicable provisions of Title 16 of the Education Article of the Annotated Code of Maryland. The debt policy is intended to promote continued sound financial management and meet the needs of Hagerstown Community College.

Note: This Background Statement was presented to the Board of Trustees along with the policy recommended for approval.