



TOWN OF PLYMOUTH
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TO: ADVISORY & FINANCE COMMITTEE
BOARD OF SELECTMEN

FROM: LYNNE A. BARRETT
DEPARTMENT OF FINANCE 

SUBJECT: STM ARTICLE 5 – PREMIUM ON DEBT FOR PREVIOUS
AUTHORIZATIONS

DATE: FEBRUARY 14, 2017

The Municipal Modernization Act effective 11/7/2016 changed the treatment of bond proceeds with respect to premiums received on bonds. Previous to that date they were general fund revenue unless it was debt exclusion. Debt exclusion borrowings have required the premium received to be used to reduce the borrowing and pay for project costs. In the past few years we have gone to town meeting to reduce the borrowing for PNHS and PSHS on at least 2 occasions.

The article presented below will allow the town to follow the amended statute on all previous authorizations that we have not finalized long term borrowing for so that any premiums received will be used to reduce the borrowing and pay for project costs. For example the borrowing that we will do this May of 2017 will be covered by this vote. This vote is basically grandfathering this process for all projects voted prior to 11/2016.

To see if the Town will vote to supplement each prior vote of the Town that authorizes the borrowing of money to pay costs of capital projects to provide that, in accordance with G.L. c. 44 § 20, the premium received by the Town upon the sale of any bonds or notes thereunder, less any such premium applied to the payment of the costs of issuance of such bond or notes, may be applied to pay project costs and the amount authorized to be borrowed for each such project shall be reduced by the amount of any such premium so applied.

You will notice that all votes going forward to borrow money will include language for the premium received, if applicable.

Thank you for your consideration.