EXHIBIT A – Resolution No. 318 - May 16, 2023

County of Ulster, New York
Debt Management Policy

I. SCOPE

Ulster County (the “County”) recognizes that long-term debt is an effective way to finance capital improvements by matching the term of the debt with the useful life of the asset being financed. Properly managed debt provides flexibility in current and future operating budgets and provides the County with the long-term assets required to deliver services and other resources to the public. The County further recognizes that effective debt management practices require a comprehensive Debt Management Policy (“Policy”) that details the use of capital and capital debt to support the services provided to its residents. The Policy provides guidelines for management’s decisions concerning the appropriate debt levels relative to the County’s available resources, serves as a financial management tool, and is a critical component of the County’s internal controls.

This Policy memorializes the County’s obligation to fully comply with the provisions of State and Federal laws governing its debt. The County’s goal is to position the County’s Debt Management Plan amongst the best practices in municipal finance, as well as to underscore the County’s commitment to preserve the highest credit rating possible with the allocation of resources to the programs and services provided by the County. This Debt Management Policy therefore provides benchmarks and other metrics which will help County officials monitor the County’s financial position, its long-term forecast, and its capital asset planning.

II. OBJECTIVES

The Commissioner of Finance will administer this policy. The Policy is intended to provide sufficient flexibility to allow for the issuance of debt to address unforeseeable events as of the date of this Policy and to undertake future opportunities, such as refundings, which may arise from time to time.

III. OUTSTANDING AND MATURING OBLIGATIONS

Nothing in this policy shall be deemed to affect or impair any outstanding obligations or any obligations issued to renew such outstanding obligations. Failure to comply with any goal or limit established by this Policy shall not of itself be deemed to invalidate any obligations.

IV. AUTHORITY

Debt issued by municipalities in New York State is governed by provisions of the State Constitution and the Local Finance Law (“LFL”). In addition, Federal tax laws impose additional requirements in order for the debt-issuance to qualify for tax-exempt status. All debt issues by the County must be approved by Resolution of the County’s Legislative body. The issuance of bonds and capital notes requires a two-thirds vote of the Legislature, while Tax Anticipation Notes and Revenue Anticipation Notes require a simple majority vote and certain specific types of capital notes need only a simple majority.

V. GENERAL PROVISIONS

A. SHORT-TERM OPERATIONAL BORROWINGS

Short-term operational borrowings include budget, deficit, tax, and revenue anticipation notes. The County is authorized under the New York State Local Finance Law ("LFL") to borrow in anticipation of the receipt of taxes or other forms of revenue (primarily in the form of State or Federal Aid). Such borrowings take the form of short-term notes and provide working capital to balance timing differences between revenue and expenditures. The LFL and the U.S. Internal Revenue Code (the "Code") limits the amount the County may borrow for working capital purposes. Detailed cash flow statements and other accounting records are essential to support legal compliance as well as structuring temporary investments for borrowed moneys.

In addition to such notes, the LFL provides for budget notes in the event there is a deficiency in the operating budget. The amount of these notes is limited to a percentage of the adopted budget expenditures. As a matter of policy, the County should avoid budget notes unless the Commissioner of Finance determines they are absolutely necessary due to potential negative credit implications or service disruptions.

The County shall not use short-term borrowing to finance operating needs except in the case of financial necessity, as determined by the Commissioner of Finance with approval by the County Legislature.

B. PERIODS OF PROBABLE USEFULNESS

The LFL assigns a period of probable usefulness ("PPU") to each capital purpose that can be financed, which determines the maximum period of time over which assets may be financed. The Commissioner of Finance shall ensure the final maturity date for any long-term debt will not exceed the expected life of the capital improvement so financed, unless financed through the level debt method.

C. METHOD OF DEBT STRUCTURING

The LFL permits bonds to be amortized using the 50 Percent Rule or a level or declining debt structure. The County shall select the amortization method that produces debt service payments compatible with the County's needs and ability to repay its existing and forecasted debt obligations. The Commissioner of Finance shall confer with the County's Bond Council and/or Municipal Advisor relating to the structure of debt obligations. When appropriate, it is permissible for the County to consider lease financing or other alternative types of financing as permitted by the LFL.

D. METHOD OF SALE

The Commissioner of Finance shall confer with the County's Bond Council and/or Municipal Advisor to determine the most appropriate method of sale based upon various issuance specific factors.

If a negotiated sale process is deemed appropriate, the Underwriter(s) shall be selected through a competitive process. The County Commissioner of Finance may request the County's Bond

Council and/or Municipal Advisor assist in this process, analyze proposals, and provide recommendations with respect to the selection(s).

E. CAPITAL IMPROVEMENT PLAN AND THE CAPITAL BUDGET

A. The County's administration annually prepares and submits a five-year Capital Improvement Program ("CIP") to the Legislature for its consideration and approval. The CIP functions as a tentative forecast of infrastructure improvements and capital equipment procurements over a five-year period. Estimated costs and funding sources are required to be listed for each asset. Subsequent to the Legislature's adoption of the CIP, it is expected that the first year of the plan will constitut the County's Capital Budget for the ensuing fiscal year. The assets listed for the later four years of the CIP constitute estimates and will be considered during the preparation of subsequent capital plans.

   The County considers this Debt Management Policy to be an integral part of the CIP. Therefore, the CIP submitted to the Legislature should include a prospective impact statement and analysis with respect to proposed capital budget improvements financed with debt obligations and an evaluation of applicable debt ratios (see: Debt Limit and Ratio Analysis, herein). To assist with debt service assumptions, the Commissioner of Finance may enlist the support of the County's Bond Council and/or Municipal Advisor.

B. Funding the Capital Program

   a. It shall be the Policy of Ulster County that consideration must first be given to funding sources other than debt prior to the presentation of a Legislative Resolution requesting the approval of debt. Such consideration shall be given in the following order:

      i. Research and application to any applicable grant or grants program

      ii. The availability of Assigned or Committed Fund Balance

      iii. The availability of Unassigned Fund Balance above the County's Fund Balance Policy threshold.

   b. The CIP shall be financed according to forecasted costs associated with each project and the overall efficiency of available funding sources. Whenever possible, the County shall seek to procure grant opportunities to fund capital projects. Low-cost loans administered through various State and Federal Agencies, subject to funding availability, shall also be reviewed for appropriateness and may take priority.

   c. At the discretion of the Commissioner of Finance, the County will use a pay as you go financing program ("PAYGO") for certain low-cost assets, such as vehicles and other types of capital equipment. Accordingly, appropriations for PAYGO are included in the general operating budget. Depending on the availability of funding, the County may establish capital reserves pursuant to the General Municipal Law to augment the PAYGO program. The County recognizes the importance of expanding

the PAYGO program to reduce reliance on debt obligations, which includes interest and issuance costs.

d. If deemed appropriate by the Commissioner of Finance, certain low-cost assets with short useful lives may be financed through lease obligations. The Commissioner of Finance shall analyze the cost effectiveness of any proposed lease transaction by comparing the cost/benefit of the proposed lease to alternatives such as PAYGO or general obligation debt instruments. Any applicable limits to lease financing must be considered in the analysis for lease financing.

e. For incidences where bonding is anticipated, appropriate, and authorized, the Commissioner of Finance must first consider the current investment interest rate in conjunction with LFL. Where the bond rate exceeds the current investment interest rate, priority must be given to bond. Conversely, where investment interest exceeds the current bond rate, priority must be given to investment.

F. SALES METHODS

Pursuant to the LFL, the County generally is required to sell its bonds by competitive bid. However, subject to the approval of the Office of the State Comptroller ("OSC"), under certain circumstances bonds may also be sold through a negotiated process. Negotiated sales may be appropriate if investor participation is limited by credit concerns or volatile market conditions. Many potential investors, including institutional investors, are prohibited from purchasing securities with a non-investment grade rating ("Moody's ratings of Ba 1 and below are considered non-investment grade). The ability to negotiate is vital under the aforementioned conditions because underwriters can conduct presale activities prior to finalizing their bid. The Commissioner of Finance shall confer with the County's Municipal Advisor and / or Bond Council to determine the most appropriate method of sale based upon various issuance specific factors.

If a negotiated sale process is deemed appropriate, the Underwriter(s) shall be selected through a competitive process. The Commissioner of Finance may request the County's Municipal Advisor and / or Bond Council to assist in this process, analyze proposals, and provide recommendations with respect to the selection(s).

The County is permitted to sell short-term obligations such as bond anticipation or tax anticipation notes by either competitive or negotiated sale. The Commissioner of Finance, in consultation with the County's Municipal Advisor and / or Bond Council, shall select the most appropriate method of sale so as to yield the lowest net interest cost possible.

G. INVESTMENT OF DEBT PROCEEDS

The Commissioner of Finance is required to invest proceeds of obligations in accordance with the County's current Investment Policy adopted in accordance with General Municipal Law, Section 11 of the General Municipal Law, and in accordance with applicable Federal tax requirements. New York State law permits the County to co-mingle debt proceeds with operating moneys under a pool investment program. However, for disbursement purposes debt proceeds are required to be deposited in one or more demand accounts separate from other funds of the County. Accounting

records shall be maintained to ensure that debt proceeds are spent for the purpose(s) for which they are authorized.

H. OPERATIONAL CASH FLOW

The County must be certain that debt payments are timely and complete, without impairing its cash flow and subsequently its ability to provide essential governmental service. Accordingly, sufficient flexibility must be maintained so that fluctuations in revenue or unanticipated expenditures do not create financial instability. Debt payments, if not properly analyzed and monitored, can place an undue burden on the County's taxpayers. A comprehensive analysis of the County's debt capacity and ability to service such debts helps to ensure that debt remains affordable. As discussed above, an analysis of any proposed debt should be prepared and included with the CIP submitted to the Legislature (see "Capital Improvement Plan and the Capital Budget" herein). The Commissioner of Finance shall confer with the County's Municipal Advisor and / or Bond Council to determine the most advantageous timing of payments. For cash flow management purposes, the selection of maturity date(s) for new issue debt obligations shall consider any liquidity concerns and may be scheduled to coincide with higher cash-flow periods surrounding such dates.

I. BONDS AUTHORIZED AND UNISSUED

Bonds Authorized and Unissued shall refer to bonds that have been authorized legally but not issued and that can be issued and sold without further authorization. Upon the earlier of ten (10) years, or completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes and must be rescinded by the County through the adoption of a Resolution to be removed from the County's books.

J. INTERNAL CONTROLS

A. Debt Limit

The State Constitution sets the total amount the County's outstanding debt may not exceed, which is a per centum of the five-year average taxable full valuation of property assessments. This is the Constitutional Debt Limit ("CDL"). The County's budgetary appropriations, and operational financings are excluded from the calculation of the CDL. Self-supporting debt, if applicable, paid from non-real property tax revenue may also be excluded in full or part if authorized by the Office of the State Comptrollers ("OSC"). If applicable, the Commissioner of Finance should apply for all self-supporting debt exclusions in order to maintain sufficient debt capacity. The Commissioner of Finance shall ensure that the net general obligation debt of the County will not exceed the constitutional debt limit.

B. Ratio Analysis

The County's internal controls relating to debt will include various financial ratios, as detailed below. Such ratios have historically been utilized to evaluate municipal jurisdictions.

Long-Term Principal Repayment. The County shall review the payment structure of outstanding long-term obligations with its Municipal Advisor when issuing debt. Under normal circumstances, the County will seek to limit its long-term net indebtedness

(as described above) such that 75% of cumulative principal is repaid within ten years (short-term obligations and lease debt will be excluded from this calculation).

Selection of Term. Long-term obligations issued in the capital markets generally will be structure to mature in 30 years or less. Projects issued through State or Federal programs will be structured to amortize in accordance with the permissible term that generates the largest advantage to the County, as determined by the Commissioner of Finance. The County will generally issue debt to finance high-cost capital assets which have significant useful lives. (See "Periods of Probably Usefulness", herein.) If the Commissioner of Finance determines the economic life of a tangible asset is less than the statutory PPU, the asset shall be financed over the lesser term. Short-term debt, primarily in the form of bond anticipation notes, may be utilized prior to the issuance of long-term serial bonds. With the assistance of the County's Municipal Advisor and / or Bond Council, the Commissioner of Finance shall analyze such projects to determine the most appropriate financing structure.

Bond Structure Method. The LFL permits bonds to be amortized using the 50 Percent Rule or a level or declining debt structure. The Commissioner of Finance shall select the amortization method that produces debt service payments compatible with the various affordability tests described in this section. The Commissioner of Finance shall confer with the County's Municipal Advisor relating to the structuring of debt obligations.

K. TIMELY REPAYMENT OF DEBT OBLIGATIONS

The Commissioner of Finance shall monitor the County's cash flow position and the annual operating budget to ensure the full and timely repayment of all debt principal and interest due that fiscal year. Under normal circumstances, tax anticipation notes shall be fully paid on or before December 31st of each year. Revenue anticipation notes shall be paid in accordance with limitations of the LFL.

L. REFUNDNING OF OUTSTANDING LONG-TERM DEBT OBLIGATIONS

A. General Provisions

The Commissioner of Finance, with the assistance of the County's Bond Council and/or Municipal Advisor, shall periodically review the County's outstanding long-term debt to identify refunding opportunities. If a refunding opportunity is identified, the Commissioner of Finance shall work in conjunction with the County's Bond Council and/or Municipal Advisor to determine if the potential benefits of the refunding outweigh the risks or costs of delaying the refunding. Such review shall be documented and submitted to the Clerk of the Legislature for distribution to the Legislature.

Except as noted, the County may refinance bonds, if the proposed transaction produces net present value savings equal to at least 3% of the proposed refunding. However, the County may refinance bonds without regard to the 3% threshold if its Legislative body determines by Resolution that there is a significant economic or other County interest served by such issuance. Bonds may be refunded on a current or advance basis. Under the federal tax laws, the refunded bonds must be redeemed within 90 days for the refunding to qualify as a "current refunding". A

current refunding is generally exempt from the arbitrage yield restrictions and rebate requirements. Under the Code, bonds are treated as advance refunding bonds when the original issue may not be redeemed within the 90-day limit. The Code, and the regulations promulgated thereunder, provides that bonds may be advance-refunded a single time over their life. Before proceeding with an advance-refunding, the County must consider if greater savings are possible by deferring the issuance of the refunding bonds.

B. Special Circumstances

In the event that the following circumstances exist, 1) A refunding opportunity is identified, 2) The County's Unassigned Fund Balance is in excess of the County's Fund Balance Policy threshold, 3) The excess balance covers the cost of the identified refunding opportunity, and 4) there is an economic or other County interest served by such issuance, the Commissioner of Finance shall present to the County's Legislative body a Resolution for the identified refunding for review and consideration.

C. Procedures for Refundings

The proceeds of advance refunding bonds are deposited to an escrow account and invested in U.S. Treasury obligations. Debt service on the refunded bonds is paid from the escrow account until the redemption date. Federal tax laws restrict the yield on escrow investments to essentially the yield on the refunding bonds. The yield restriction creates "negative arbitrage" because the refunded bonds bear a higher interest rate than yield-restricted refunding bonds. This condition requires the issuance of additional bonds to properly fund the escrow in order to pay all amounts due. Whenever possible, the County shall seek to minimize the amount of "negative arbitrage" present in any advance refunding transaction. An unreasonably high amount of "negative arbitrage" may indicate higher savings may be available were the refunding to be postponed. The County's Municipal Advisor shall advise the Commissioner of Finance whether the potential benefits outweigh the risks or costs of delaying the refunding.

The County may sell its refunding bonds by competitive bid or negotiation. Generally, the County will have some flexibility in timing the savings produced by a refunding. Savings may be evenly distributed over the life of the refunding or front-loaded with higher savings in earlier years. The Commissioner of Finance shall elect the refunding bond structure which results in the most favorable impact on the County's future operating budgets.

M. CREDIT RATING STRATEGIES

The County's credit rating has a significant impact on its ability to access the capital markets, the issuance costs associated with a debt sale, and the interest rate that is obtained on its debt obligations. As such, the County is committed to maintaining a credit rating strategy. However, the rating strategies must not compromise the delivery of basic services to County residents. The Commissioner of Finance will be responsible for maintaining relationships with rating agencies assigning ratings to the County's debt. The Commissioner of Finance will confer with the County's Municipal Advisor regarding rating agency methodologies and the County's rating strategy. Changes to current methodologies could impact future fiscal decisions.

N. CONTINUING DISCLOSURE REQUIREMENTS

The Commissioner of Finance shall work in conjunction with the County's Municipal Advisor / Bond Council to ensure compliance with secondary market information and disclosures made pursuant to Rule 15-2c-12 of the Securities Exchange Act of 1934.

VI. REVIEW

The Policy provides guidelines for management's decisions concerning appropriate debt levels relative to the County's available resources. As resources are subject to change, goals must be flexible. The Policy includes goals which are measured by applicable financial ratios. These goals should be reviewed as the County's financial condition is subject to changes. The Commissioner of Finance is thereby assigned to review the County's Debt Management Policy and the goals therein and is assigned to write a letter of recommendation to the County Legislature as deemed necessary and no less frequently than bi-annually on years ending in even numbers beginning with the date of adoption of this Policy. Such letter is required to be submitted to the Clerk of the Legislature for distribution to the Legislature for review, and, if necessary, approval of any amendments. Any and all amendments to the Policy are required to be completed through the approval of a Resolution by the County Legislature.