

This Debt Management Policy (the "Policy") provides written guidelines for the issuance of indebtedness by the

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MC/MD:

Effective Date: 6/13/19
Reference Update: --
References: Government Code §8855
CCLC Update: #30,4/17
Steering: VPAS

Lease Financing: Lease-purchase obligations are a routine and appropriate means of financing capital equipment and certain capital facilities. However, lease obligations may impact on budget flexibility.

Use of General Obligation Bonds: A significant portion of the district's capital projects are projected to be funded by GO Bond proceeds. Projects financed by the GO Bonds will be determined by the constraints of applicable law and the project list approved by voters.

Relationship of Debt to and Integration with district's Capital Improvement Program or Budget

Impact on Operating Budget and District Dentegra one(hi)-3 Dey.e

Policy Goals Related to District's Planning Goals and Objectives

In following this Policy, the district shall pursue the following goals:

- A. The district shall strive to fund capital improvements from voter-approved GO Bond issues to preserve the availability of its General Fund for District operating purposes and other purposes that cannot be funded by such bond issues.
- B. The district shall endeavor to attain the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements.
- C. The district shall take all practical precautions and proactive measures to avoid any financial decision that will negatively impact current credit ratings on existing or future debt issues.
- D. The district shall, with respect to GO Bonds, remain mindful of its statutory debt limit in relation to assessed value growth within the school district and the tax burden needed to meet long-term capital requirements.
- E. The district shall consider market conditions and district cash flows when timing the issuance of debt.
- F. The district shall determine the amortization (maturity) schedule which will fit best within the overall debt structure of the district at the time the new debt is issued.
- G. The district shall match the term of the issue to the useful lives of assets funded by that issue whenever practicable and economic, while considering repair and replacement costs of those assets to be incurred in future.
- H. The district shall, when planning for the issuance of new debt, consider the impact of such new debt on overlapping debt of local, state and other governments that overlap with the district.
- I. The district shall, when issuing debt, assess financial alternatives to include new and innovative financing approaches, including whenever feasible, categorical grants, revolving loans or other State/federal aid, so as to minimize the encroachment on the district's General Fund.
- J. The district shall, when planning for the sizing and timing of debt issuance, consider its ability to expend the funds obtained in a timely, efficient and economical manner.

Internal Control Procedures for Issuance of Debt to Ensure Intended Use of Proceeds

Structure of Debt Issues

Maturity of Debt: The duration of a debt issue shall be consistent, to the extent possible, with the economic or useful life of the improvement or asset that the issue is financing. Accordingly, the final maturity of the debt shall be equal to or less than the useful life of the assets being financed, and the average life of the financing shall not exceed 120% of the average life of the assets being financed.

- (ii) The status of the acquisition, construction or financing of the school facility projects, as identified in any applicable bond measure, with the proceeds of the GO Bonds.

These reports may be combined with other periodic reports which include the same information, including but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, or continuing disclosure reports or other reports made in connection with the GO Bonds.

These requirements shall apply only until the earliest of the following:

- (i) all the GO Bonds are redeemed or defeased, but if the GO Bonds are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased, or;
- (ii) all proceeds of the GO Bonds, or any investment earnings thereon, are fully expended.

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