

# Gresham-Barlow SD 10

Code: **DAA**  
Adopted: 6/10/96  
Readopted: 5/2/02  
Orig. Code(s): DAA

## **Debt Management**

The district will use general obligation bonds or other financing instruments permitted by law to finance essential fixed assets, equipment and capital improvements to support its instructional mission.

The chief financial officer shall be responsible for establishing a solicitation and selection process for securing professional services that are required to develop and implement the district's debt program. Goals of the solicitation and selection process shall include encouraging participation from qualified service providers, at competitive prices. Such services shall include underwriters, financial advisor, paying agent, bond counsel and other service providers (escrow agents, trustees, verification agents, etc.).

No district debt issued for the purpose of funding capital projects shall be authorized by the Board unless it has been included in the Capital Improvement Plan (CIP) or until the Board has formally modified the plan.

The district will comply with debt issuance laws and regulations established by federal and state government and with Board policies.

The district will seek to maintain an A+ Moody's bond rating or equivalent to preserve its access to credit and to minimize the cost of borrowing.

Generally, borrowings by the district should be of a duration that does not exceed the economic life of the improvement that it finances and, where feasible, should be shorter than the projected economic life so as to recapture rapidly its credit capacity for future use. The district may choose to structure debt repayment so as to wrap around existing obligations or to achieve other financial planning goals.

The district, as a matter of policy, shall seek to issue its debt obligations in a competitive sale unless it is determined that such a sale method will not produce the best results for the district. When a negotiated sale is determined appropriate, the selection of the underwriting team shall be made pursuant to selection procedures set forth in this debt policy.

### **Short-Term Debt and Interim Financing**

#### **1. Lines and Letter of Credit**

Where the use of lines and letters of credit is judged to be prudent and advantageous to the district by administration, the district has the power to enter into agreements with commercial banks or other financial entities. Before entering into any such agreements for acquisition of lines or letters of credit, it shall be approved by the Board.

2. Bond Anticipation Notes

Where their use is judged to be prudent and advantageous as a source of interim construction financing, the district may choose to issue bond anticipation notes. Bond anticipation notes may be sold in either a competitive or negotiated sale, subject to authorization and approval by the Board.

3. Tax and Revenue Anticipation Notes

Where their use is judged to be prudent and advantageous to the district, the district may choose to issue tax and revenue anticipation notes to fund internal working capital cash flow needs. Before issuing such notes, cash flow projections will be prepared by the business office and reviewed by Bond Counsel. Tax and revenue anticipation notes may be sold in either a competitive or negotiated sale, subject to authorization and approval of the Board.

**Refunding of District Indebtedness**

1. Debt Service Savings - Advance Refunding

The district shall issue advance refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent and net present value savings, expressed as a percentage of the par amount of the refunding bonds, equal or exceed three percent.

2. Debt Service Savings - Current Refunding

The district shall issue current refunding bonds (as defined for federal law purposes) when advantageous, legally permissible, prudent and net present value savings equal or exceed \$100,000.

3. Restructuring of Debt

The district may choose to refund outstanding indebtedness to the benefit of the district's debt and financial management goals when existing bond covenants or other financial structures impinge on prudent and sound financial management. Savings requirements undertaken to restructure debt may be waived by the Board upon a finding that such a restructuring is in the district's overall best financial interests.

**Use of Credit Enhancement**

The district shall seek to use credit enhancement (letters of credit, bond insurance, surety bonds, etc.) when such credit enhancement proves cost-effective. Selection of credit-enhancement providers shall be subject to a competitive bid process developed by the director of business services. Credit enhancement may be used to improve or establish a credit rating on a district's debt obligation even if such credit enhancement is not cost effective if, in the opinion of the chief financial officer, the use of such credit enhancement meets the district's debt financing goals and objectives.

## **Rebate Reporting and Covenant Compliance**

The business office shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This effort shall include tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the district's outstanding debt issues. Additionally, general financial reporting and certification requirements embodied in bond covenants shall be monitored to ensure that all covenants are complied with.

## **Other Policy Requirements**

### **1. Annual Audit of District**

The annual audit of the district shall describe in detail all funds and fund balances established as part of any direct debt financing of the district. The audit may also contain a report detailing any material or rate covenants contained in any direct offering of the district and whether or not such covenants have been satisfied.

### **2. Rating Agency Relationships**

The chief financial officer shall be responsible for maintaining relationships with the rating agencies that currently assign ratings to the district's various debt obligations. This effort shall include providing periodic updates on the district's general financial condition along with coordinating meetings and presentations in conjunction with the new debt issuance.

### **3. Use of Rating Agencies**

The superintendent shall be responsible for determining whether or not a rating shall be requested on a particular financing and which of the major rating agencies shall be asked to provide such a rating.

### **4. Minimum Long-Term Rating Requirements**

The district's minimum rating requirement for its direct, long-term, debt obligations is a rating of "A" or higher. If such a debt obligation cannot meet this requirement based on its underlying credit strength, then credit enhancement is unavailable or is determined by the minimum rating is achieved. If credit enhancement is unavailable or is determined by the minimum rating achieved. If credit enhancements is unavailable or is determined by the chief financial officer to be uneconomic, then the obligations may be issued without a rating.

A lower rating standard may be accepted for indirect or conduit obligations, subject to the approval of the Board.

5. Ongoing Disclosure

The chief financial officer shall be responsible for providing ongoing disclosure information to establish national information repositories and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies.

END OF POLICY

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Legal Reference(s):

[ORS 332.107](#)