

DEBT MANAGEMENT

~~The purpose of the debt policy is to provide guidelines relative to the issuance, sale, statutory compliance and investment of bond proceeds. The Board of Education recognizes that the foundation of any well managed debt program is a comprehensive debt policy.~~ **The Board of Education recognizes that the foundation of any well-managed debt program is a comprehensive debt policy. The purpose of the debt policy is to provide guidelines relative to the issuance, sale, statutory compliance and investment of bond proceeds.** “Debt” is defined as any short-term or long-term obligation to repay principal and interest on a loan whether for operating purposes or capital expenditures and including but not limited to general obligation bonds, notes, warrants, leases, alternate bonds, limited tax bonds, debt certificates, and any other forms of indebtedness.

The purpose for which Debt can be issued shall be in accordance with applicable State of Illinois and Federal Statutes. The Board will avoid issuing Debt for payment of operating expenses unless needed to meet short-term cash flow needs. The district shall maintain operating reserves at a level equal to 30% of the operating budget. (The operating budget is composed of the education, operations and maintenance, transportation, IMRF, and working cash funds.) The district shall not issue Debt in excess of the statutory limit.

The Board of Education may use the services of professional service providers such as Bond Counsel, Legal Counsel, Independent Financial Advisors, Bond Rating Analysts, or other debt management advisors in order to assist the district with the effective management of its Debt. It shall be the practice of the board to:

- A. Evaluate each sale of bonds as to the appropriateness of a competitive or negotiated sale.
- B. Employ a “pricing consultant” for those negotiated sales where an underwriter(s) is used.
- C. Require a post-sale analysis.

To the extent necessary, professional service providers will be used to insure compliance with continuing disclosure requirements, SEC Rule 15c2-12, as amended from time to time.

The length of the maturity of any Debt instrument will not exceed the average life of the asset being financed. All operating fund Debt shall be subject to the district’s Debt policy.

BOARD OF EDUCATION

FINANCES

SCHOOL DISTRICT

6145.01/page 2 of 2

Whenever deemed to be in the best interest of the district, the Board of Education shall consider refunding or restructuring outstanding debt when financially beneficial.

Investment of bond proceeds shall at all times be in compliance with the district's adopted investment policy, and comply with federal arbitrage regulations.

The Treasurer shall administer and coordinate the Policy and the district's debt issuance program and activities. The Treasurer shall maintain complete records of each financing.

LEGAL REF: 30 ILCS 305/2

50 ILCS 420/5

105 ILCS 5/178-16, 5/18-18, 5/19-1 et seq.

To Policy 1/23/2017