D-26: DEBT MANAGEMENT

The School Corporation hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the School Corporation's sound financial position and maintain the tax rate.
- Ensure the School Corporation has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the School Corporation's credit rating.
- Ensure that all debt is structured in order to protect both current and future taxpayers, and the School Corporation's Operations Fund, from poorly structured or overly costly capital financings.
- Ensure that the School Corporation's debt is consistent with the School Corporation's planning goals and objectives, facilities planning documentation and/or budget, as applicable, and the 10-year capital plan.

Debt Policies

Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the School Corporation. Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide services which the School Corporation is authorized to provide.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the School Corporation and its taxpayers.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

Long-term debt financings will not be considered appropriate for current operating expenses and routine maintenance expenses.

The School Corporation may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the Board.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed.
- The School Corporation estimates that the identified source of repayment, whether property taxes or other identified source, will be available to service the debt through its maturity.
- The School Corporation determines that the issuance of the debt will comply with applicable state and federal laws and is needed.

Short-term debt may be issued to provide financing for the School Corporation's operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the School Corporation may undertake general obligation financing for equipment.

The following types of debt are allowable under this Debt Policy:

- General obligation bonds
- Bond or grant anticipation notes
- Lease revenue bonds, certificates of participation and lease-purchase transactions
- Other revenue bonds and certificates of participation
- Tax and revenue anticipation notes

The School Corporation may, from time to time, find that other forms of debt could be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy, as a result of capital market changes.

Debt shall be issued as fixed rate debt unless the School Corporation makes a specific determination as to why a variable rate issue would be beneficial to the School Corporation in a specific circumstance.

Relationship of Debt to Capital Improvement Program and Budget

The School Corporation is committed to long-term capital planning. The School Corporation intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the School Corporation's capital budget and master facilities plan.

The School Corporation shall integrate its debt issuances with the goals of its capital improvement or master facilities plan by timing the issuance of debt to ensure that projects are available when needed in furtherance of the School Corporation's public purposes.

The School Corporation shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

Policy Goals Related to Planning Goals and Objectives

The School Corporation is committed to long-term financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The School Corporation intends to issue debt for the purposes stated in this Policy and to implement policy decisions incorporated in the School Corporation's annual operations budget.

It is a policy goal of the School Corporation to protect taxpayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The School Corporation will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, fees and charges, as applicable, and in the case of refinancing of existing debt, achieving savings as may be required by law or achieving other objectives of substantial benefit to the School Corporation.

Internal Control Procedures

Compliance with Debt Policy. The School Corporation's business official is responsible for implementing and monitoring compliance with this Debt Policy.

Compliance with SEC Rule 15c2-12. The School Corporation may have undertaken, and may undertake in the future, obligations for continuing disclosure pursuant to SEC Rule 15c2-12. The School Corporation's business official will periodically review the requirements of Rule 15c2-12 and each of the School Corporation's undertakings, and ensure that annual and other periodic filings which may be required are done in a complete and timely manner. It shall be the policy of the School Corporation to engage a third party dissemination agent to assist the School Corporation to make complete and timely filings and ensure compliance for the benefit of bondholders or other investors in School Corporation debt.

Compliance with Federal Tax Laws. The School Corporation shall have a policy of full compliance with all applicable federal tax law requirements. In connection with prior and new debt issues, the School Corporation's business official shall review applicable federal tax requirements, including requirements relating to arbitrage and rebate compliance. In connection with each debt issue the School Corporation shall contract with a rebate consultant to undertake arbitrage calculations, if such debt is not otherwise exempt from rebate.

Investments. Proceeds of debt issued by the School Corporation shall be invested in accordance with applicable law or as otherwise permitted in the resolution or other document governing the issuance of the debt.

Expenditure of Proceeds of Debt. Written requisitions identifying the amount and purpose of a proposed draw of bond or other debt proceeds shall be signed by a School Corporation official and submitted to the appropriate School Corporation officials or bond trustee, as applicable.

LEGAL REFERENCE: SEC 15c2-12

SOURCE: Plainfield Community School Corporation
Plainfield, IN
NOTE: See Accounting Manual for Indiana Public School Corporation
ADOPTED: 09/13/2018