



RIVER VALLEY SCHOOL DISTRICT

660 West Daley Street

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Spring Green, Wisconsin 53588

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Debt Management

Statement of Purpose

The purpose of the Debt Management Policy is to establish and maintain well-defined debt management guidelines for issuing new debt as well as managing outstanding debt to sustain a strong debt management program.

Scope

The Debt Management Policy applies to all debt instruments issued by the District regardless of the purpose for which issued or the funding source for repayment.

Objective

The primary objective is to ensure prudent debt management practices which:

- A. maintain financial stability
- B. preserve public trust
- C. minimize or stabilize costs to taxpayers
- D. preserve access to financial markets
- E. demonstrate adequate administrative oversight of debt program to credit rating agencies

Types of Authorized Debt

The Constitution and laws of the State of Wisconsin limit the power of the District to issue obligations and to contract indebtedness. The District may not borrow money or issue notes or bonds therefore for any purpose except those specified by statute and may only incur indebtedness as prescribed by law.

Bond or Note Anticipation Notes

In anticipation of issuing general obligation bonds or notes, the District is authorized to borrow money using bond or note anticipation notes. The bond or note anticipation notes shall in no event be general obligations of the District, and do not constitute an indebtedness of the District, nor a charge against its general credit or taxing power. The bond or note anticipation notes are payable only from (a) proceeds of the bond or note anticipation notes set aside for payment of interest on the bond or note anticipation notes as they become due, and, (b) proceeds to be derived from the issuance and sale of general obligation bonds or notes which proceeds are pledged for the payment of the principal of and interest on the bond or note anticipation notes. The maximum term of any bond or note anticipation notes (including any refunding) is five (5) years.

General Obligation Bonds

The principal amount of every sum borrowed by the District and secured by an issue of bonds may be payable at one time in a single payment or at several times in two (2) or more installments; however, no installment may be made payable later than the termination of twenty (20) years immediately following the date of the bonds. The Board is required to levy a direct, annual, irrevocable tax sufficient in amount to pay the interest on such bonds as it falls due and also to pay and discharge the principal

thereof at maturity. Bonds issued by the District to refinance or refund outstanding notes or bonds issued by the District may be payable no later than twenty (20) years following the original date of such notes or bonds.

Refunding Bonds

In addition to being authorized to issue bonds, the District is authorized to borrow money using refunding bonds for refunding existing debt. To evidence such indebtedness, the District must issue to the lender its refunding bonds (with interest) payable within a period not exceeding twenty (20) years following the initial date of the debt to be refunded. Such refunding bonds constitute a general obligation of the District. Refunding bonds are not subject to a referendum.

Promissory Notes

In addition to being authorized to issue bonds, the District is authorized to borrow money using notes for any public purpose. To evidence such indebtedness, the District must issue to the lender its promissory notes (with interest) payable within a period not exceeding ten (10) years following the date of said notes. Such notes constitute a general obligation of the District. Notes may be issued to refinance or refund outstanding notes. However, such notes may be payable not later than twenty (20) years following the original date of such outstanding notes.

Temporary Borrowing

The Board may, on its own motion, borrow money in such sums as may be needed to meet the immediate expenses of maintaining the schools in the District during the then-current school year. No such loan or loans shall be made to extend beyond November 1 of the following year or in any amount exceeding one-half (1/2) of the estimated receipts for the operation and maintenance of the District for the current school year in which the loan is made.

Debt Limit

The District has the power to contract indebtedness for purposes specified by statute.

Procedures for Borrowing

Whenever the Board engages in borrowing outside of borrowing authorized by referendum approved on the Board's initiative, the Board shall determine the method it will use for borrowing, including short-term borrowing, establishing a line of credit, or other forms of borrowing. The Board designates the Business Manager to prepare all necessary instruments and resolutions for Board approval. All procedures and required Board action shall be consistent with applicable legal authority for borrowing, including solicitations of bids from potential lenders. Such borrowing shall be in accordance with the provisions of 67.12(8) and require a two-thirds (2/3's) affirmative vote of the entire membership of the Board.

LEGAL REF.: Sections 67.03 Wisconsin Statutes
67.12
120.10

APPROVED: July 13, 1989
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